

Legal Aid of Arkansas
Board of Directors Meeting
Saturday, March 25, 2017
9:00 A.M.



Comfort Inn & Suites
Board Room
1510 E Main Street
Blytheville, Arkansas 72315

TOLL FREE
1-800-967-9224

TELEPHONE
1-870-972-9224

HELPLINE
1-800-952-9243

www.arlegalaid.org

Arkansas Children's Hospital
1 Children's Way, Slot 695
Little Rock, AR 72202-3500
501-978-6479 – Fax

Harrison
205 W. Stephenson Ave.
Harrison, AR 72601
800-967-9224 – Fax

Helena-West Helena
622 Pecan
Helena, AR 72342
870-338-9834 – Fax

Jonesboro
714 South Main Street
Jonesboro, AR 72401
870-910-5562 – Fax

Newport
202 Walnut Street
Newport, AR 72112
870-523-9892 – Fax

Springdale
1200 Henryetta
Springdale, AR 72762
479-751-0002 - Fax

West Memphis
310 Mid Continent Plaza
Suite 420
West Memphis, AR 72301
870-732-6373 – Fax

March 13, 2017

RE: Board of Directors Meeting

Dear Board Member:

The Legal Aid of Arkansas Board of Directors will meet at **9:00 a.m.** Saturday, March 25th at the Comfort Inn & Suites located at 1510 E. Main Street, Blytheville, AR. Board members may also participate by conference call using the attached instructions. Lodging on Friday night is provided at the Comfort Inn & Suites in Blytheville for those traveling 100 miles or more. Please contact me if you wish me to take care of lodging arrangements on your behalf.

In an effort to reduce the cost of postage and the amount of paper used to distribute materials for discussion at the Board meeting, the documents have been posted online and are being mailed only to Board members who might not have internet access or have requested they be mailed. To access the online documents, go to <http://arlegalaid.org/board-packet.html> .

If you have any questions or prefer to have a packet mailed to you, please contact me by phone at 1-800-967-9224, x4311, or by e-mail at eking@arlegalaid.org.

Sincerely,

Elizabeth King
Administrative Assistant/HR Manager

/eak
Encl.

PARTICIPATING BY CONFERENCE CALL/GO TO WEBINAR

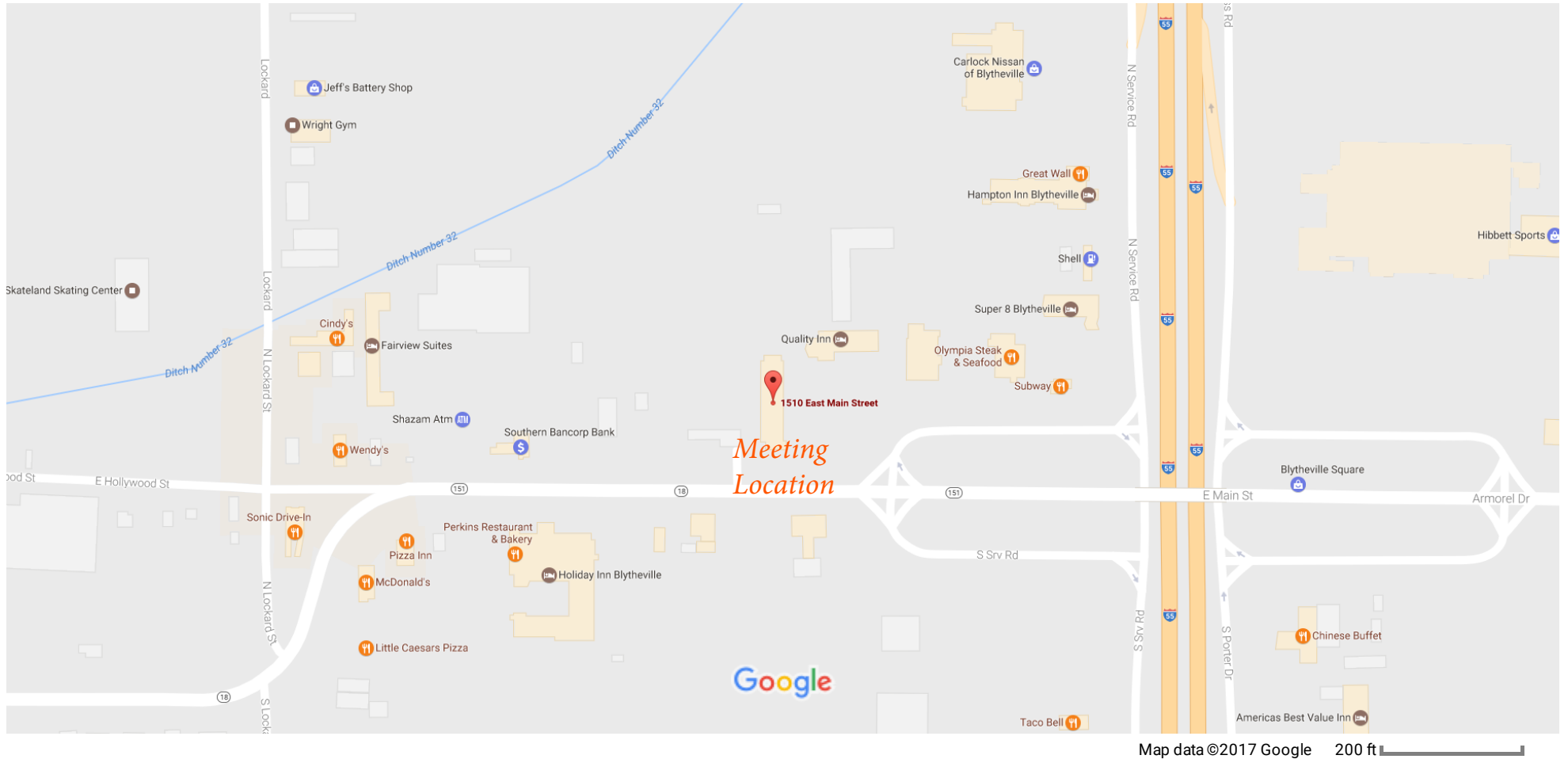
Dial 1-866-625-9936

Enter Guest Pin 21154265#

Following are some guidelines to make a conference call run smoothly:

- **Call in/log in a little early.** Call in a few minutes prior to the scheduled conference call time to eliminate a last minute rush.
- **Identify yourself.** Make sure to state your name clearly before speaking or voting since the meeting minutes must identify speakers.
- **Speak loudly and clearly.** You will need to speak more loudly than you would in a regular person-to-person conversation.
- **Request the Board Chair's acknowledgement.** To ensure that you are heard when you have something to say, ask the Board Chair for the floor. After you are acknowledged, you can be sure that you are being heard.
- **If you can't hear someone, speak up and let the Board Chair know.**

Google Maps 1510 E Main St



Arkansas I-55 exit 67. North bound exit 67 go over the over pass and hotel sits on the right side of the highway. South bound exit 67 turn right at the first street and hotel sits directly in front of you.

PROPOSED AGENDA
BOARD OF DIRECTORS MEETING
March 25, 2017

1. Call to Order (Ms. Cung)
2. Committee Report
 - a. Search, Appointments, Nominations Committee (Ms. Claunch)
 - i. Acceptance of New Board Members
 - ii. Election of Officers
3. Approval of Minutes of December 10, 2016 Meeting (New Board Chair)
4. 2016 Independent Audit Report (Yoakum, Lovell & Company)
5. Financial Report (Mr. Bowman)
6. 2017 Financial Eligibility Guidelines (Mr. Richardson)
7. 50th Anniversary Celebration (Mr. Richardson)
8. Legislative Interaction and Promoting Legal Aid, Regulations and Best Practices (Mr. Richardson)
9. Domestic Violence Workgroup Report (Ms. Franklin, Ms. Davison)
10. Director's Report (Mr. Richardson)
11. Executive Session (New Board Chair)
12. Personnel Committee Report (Mr. Price)
13. Old/New Business (New Board Chair)
14. Adjournment (New Board Chair)

Legal Aid of Arkansas
2017 Board Diversity

Race	Male	Female	Total	Percent
White	5	8	13	62
Black	2	4	6	28
Hispanic	0	1	1	5
Other	0	1	1	5
Percent	33	67	100	100

Legal Aid of Arkansas
2016 Client Served Diversity

Race	Male	Female	Trans	Total	Percent
White	1280	3910	0	5190	64.5
Black	597	1401	1	1999	25
Hispanic	197	374	0	571	7
Other	107	177	1	285	3.5
Percent	27	73	0	8045	100

Legal Aid of Arkansas
1-16-2017 Staff Diversity

Race	Male	Female	Total	Percent
White	7	22	29	74
Black	0	8	8	21
Hispanic	0	1	1	2.5
Other	0	1	1	2.5
Percent	18	82	39	100

SEARCH/APPOINTMENTS/NOMINATIONS COMMITTEE
MEETING MINUTES
January 19, 2017

The Search/Appointments/Nominations Committee of the Legal Aid of Arkansas Board of Directors met by conference call at 10:30 a.m. Thursday, January 19, 2017. Participating in the conference call were Beverly Claunch, Lori Chumbler, Niki Cung, Lee Richardson and Elizabeth King.

Ms. Claunch called the meeting to order.

Mr. Richardson presented the Diversity Report.

Ms. Claunch moved to expiring Board terms. She stated that we have eight member terms that are expiring and we have heard from Ms. Cung, Ms. Haun, Ms. Walker and Ms. Ward that they would like to continue to serve.

After some discussion, the committee decided to move forward as follows:

Niki Cung – Seek reappointment letter

Pamela Haun – Seek reappointment letter

Demetre Walker – Seek reappointment letter

Rene Ward – Seek reappointment letter

Jilley Conner – Seek new appointment with a domestic violence shelter in Newport or other area in the Delta

John Dietenbeck – Seek new appointment. Ms. Claunch will review the list of pro bono attorneys for Searcy and Van Buren counties

Helen Jenkins – Lee will contact to see if she would like to be reappointed

James McLarty – suggestion of Tim Watson Jr., Lee will contact

Officers:

Board Chair – Lori Chumbler

Vice Chair – Pamela Haun

Treasurer – Lee will talk to Annie Smith

Secretary – Vilma Asencio to continue

A motion was made by Niki Cung, seconded by Beverly Claunch to accept the nominations of Lori Chumbler as Board Chair and Pamela Haun as Vice Chaire. The motion carried with none opposed.

A motion was made by Niki Cung, seconded by Lori Chumbler to accept the reappointments as stated. The motion carried with none opposed.

Mr. Richardson reviewed the committees:

Executive Committee

Officers plus Niki Cung and Ron Wilson

Personnel/Client Grievance Committee

Lori Chumbler, Val Price, Demetre Walker, Faye Reed (Val as Chair of Committee)

Search/Appointments/Nominations

Beverly Claunch, Niki Cung, Lori Chumbler, Helen Jenkins (Bev as Chair of Committee)

Client Advisory Committee

Client Members and Board Chair

Audit/Finance Committee

Lori Chumbler, Pam Haun, Helen Jenkins, Annie Smith

It was decided that the committee would meet the first of March to follow up on the open positions.

Hearing no other discussion the meeting was adjourned.

SEARCH/APPOINTMENTS/NOMINATIONS COMMITTEE
MEETING MINUTES
March 7, 2017

The Search/Appointments/Nominations Committee of the Legal Aid of Arkansas Board of Directors met by conference call at 9:00 a.m. Tuesday, March 7, 2017. Participating in the conference call were Beverly Claunch, Lori Chumbler, Niki Cung, and Lee Richardson.

Ms. Claunch called the meeting to order.

Ms. Claunch stated that the purpose of the call is to review the open board positions. She stated that there were four positions that needed reappointments and four that needed new appointments. She inquired to Mr. Richardson regarding the open client position that needed appointment from a domestic violence shelter.

Mr. Richardson stated that he is still working on the client position and has spoken with several shelters with no success. He stated that he will continue to work on filling this position.

Ms. Claunch stated we needed an attorney from the Searcy or Van Buren County area. She stated that she has talked with Donna Price and she is willing to serve on the board. Mr. Richardson stated that he would contact the local bar association or another senior attorney in the area to appoint her.

Mr. Richardson stated that he has attempted to contact Ms. Jenkins regarding her reappointment and he has not gotten any follow thru on that. He stated that he has contacted CASA about a new appointment and he has not heard back but will follow up again.

Ms. Claunch inquired about Tim Watson Jr. and Mr. Richardson stated that we do have an appointment letter for Mr. Watson now.

Mr. Richardson stated that he has re-appointment letters for Pam Haun, Rene Ward, Demetre Walker and Niki Cung.

Mr. Richardson stated he would continue to work on the two client positions.

Mr. Richardson further stated that he did talk with Annie Smith and she has agreed to serve as Treasurer.

Ms. Claunch asked for a motion to accept the full slate of officers as stated below:

Board Chair – Lori Chumbler
Vice Chair – Pamela Haun
Treasurer – Annie Smith
Secretary – Vilma Asencio

A motion was made by Niki Cung, seconded by Lori Chumbler to accept the slate of officers. The motion carried with none opposed.

Mr. Richardson stated that he will follow up with the committee by email prior to the board meeting with an update as to the two client positions.

Hearing no other discussion the meeting was adjourned.

**Current Board Membership
March 2017**

Position No.	Appointing Organization	Location	Client Population	Board Member	Term Expires
1	Lee, Monroe or Phillips County Bar Association	1st Judicial District	Lee, Monroe and Phillips counties	Faye Reed	12/31/2018
2	Cross, St. Francis or Woodruff County Bar Associations	1st Judicial District	Cross, St. Francis and Woodruff counties	Mary Hoshall Hodges	12/31/2018
3	Crittenden County or Osceola Bar Associations	2nd Judicial District	Crittenden and Mississippi (South) counties	Ron Wilson	12/31/2017
4	Clay or Greene County or Blytheville Bar Associations	2nd Judicial District	Clay, Greene and Mississippi (North) counties	Neil Burns	12/31/2018
5	Craighead or Poinsett County Bar Association	2nd Judicial District	Craighead and Poinsett counties	Val Price	12/31/2018
6	Jackson, Lawrence, Randolph or Sharp County Bar Associations	3rd Judicial District	Jackson, Lawrence, Randolph and Sharp counties	Tim Watson, Jr.	12/31/2019
7	Cleburne, Fulton, Independence, Izard or Stone County Bar Associations	16th Judicial District	Cleburne, Fulton, Independence, Izard and Stone counties	Beverly Claunch	12/31/2017
8	Madison or Washington County Bar Associations	4th Judicial District	Madison and Washington counties	Niki Cung	12/31/2019
9	Benton County Bar Association	19th (East) Judicial District	Benton County	Lori Chumbler	12/31/2018
10	Boone-Newton or Carroll County Bar Associations	14th and 19th (East) Judicial Districts	Boone, Carroll and Newton counties	Kandy Webb	12/31/2017
11	Baxter, Marion, Searcy or Van Buren County Bar Associations	14th and 20th Judicial Districts	Baxter, Marion, Searcy and Van Buren counties	Donna Price	12/31/2019
12	University of Arkansas School of Law at Fayetteville	At Large	At Large	Annie B. Smith	12/31/2017

**Current Board Membership
March 2017**

13	Arkansas Bar Association	At Large	At Large	Curtis Walker	12/31/2017
14	Domestic Violence Service Community-Family Violence Prevention	At Large	Victims of Domestic Violence	Ashlie Thacker	12/31/2018
15	Area Agencies on Aging-Area Agency on Aging of East AR	At Large	Elderly	Rene Ward	12/31/2019
16	Community Action Programs- CRDC	At Large	Program Clients	Dennis Blackmore	12/31/2018
17	Mental Health/Disability- Arkansas Support Network	At Large	Mentally Ill/Disabled	Demetre Walker	12/31/2019
18	Faith Based Service Organization-Ozark Rape Crisis Center	At Large	Program Clients	Laura Sharp	12/31/2017
19	United Way Agency-CASA of the 2 nd Judicial District	At Large	Agency Clients	Helen Jenkins <u>Until filled</u>	12/31/2019
20	Misc Organization Serving Low-Income Clients – Workers Justice	At Large	Program Clients	Vilma Ascensio	12/31/2017
21	Wild Card	At Large	At Large	Pamela Haun	12/31/2019

**LEGAL AID OF ARKANSAS
BOARD OF DIRECTORS
2017**

	POSITIONS HELD	APPOINTING ORGANIZATION	TERM BEGINS	TERM ENDS
Vilma Asencio 2301 Anna Street Springdale, AR 72762 479-200-6978 Vasencio@outlook.com	Secretary/ Client Advisory Committee/ Executive Committee	Worker's Justice Center Nelson Escobar 207 W. Emma Street Springdale, AR 72764 479-750-8015 479-750-1194 – Fax Nelson.wjc@gmail.com	01/01/15	12/31/17
Dennis Blackmore 880 Bryant Street Batesville, AR 72501 870-384-0245 denniswblackmore@gmail.com	Client Advisory	North Central Arkansas Development Council Charlie Morris, Director P.O. Box 3349 Batesville, AR 72503 870-793-5765	01/01/16	12/31/18
Neal Burns 200 S. Pruett St. Paragould, AR 72450 870-239-2225 887-239-2780 – Fax b.neal.burns@gmail.com		Greene County Bar Association Brad Broadaway, President 924 West Court Street Paragould, AR 72450 870-236-9800 870-236-4840 – Fax	01/01/16	12/31/18
Lori Chumbler Associate General Counsel Legal Administration & External Relations 702 S.W. 8th Street Bentonville, AR 72716-0215 lori.chumbler@walmartlegal.com	Search/Appointments/ Nominations Committee	Benton County Bar Association Tina Adcock Thomas, President 121 S. Main St. Bentonville, AR 72712 479-273-2777 479-273-1214 – Fax	01/01/16	12/31/18
Beverly Claunch Attorney at Law 105 N. Third St. Heber Springs, AR 72543 501-362-7777 501-362-7779 – Fax 501-250-7777 – Cell	Search/Appointments/ Nominations Committee	Cleburne County Bar Association Zac White, President 115 South Third Street - 2 Heber Springs, AR 72543 501-362-0055 wzwhite@mayswhite.com	01/01/15	12/31/17
Ashlie Thacker 3608 Shelby Drive Paragould, AR 72450 870-565-0445 ashliedthacker08@gmail.com	Client Advisory Committee	Family Crisis Center of Northeast Arkansas P.O. Box 721 Jonesboro, AR72403 870-972-9575	01/01/17	12/31/18
Niki Cung Kutak Rock, LLP 234 East Millsap Road, Suite 400 Fayetteville, AR 72703-4099 479-973-4200 x1933 479-973-0007 – Fax 479-445-3770 – Cell niki.cung@kutakrock.com	Chair; Executive Committee; Audit/Finance Committee; Client Advisory Committee; Personnel/Client Grievance Committee; Search Appointments/ Nominations Committee	Washington County Bar Association Tyler Benson, President	01/01/17	12/31/19
Donna Price Attorney at Law P.O. Box 430 Clinton, AR 72031 501-745-2283 donnapriceattorney@gmail.com		Van Buren County Bar Association Ralph Blagg, President	01/01/17	12/31/19

**LEGAL AID OF ARKANSAS
BOARD OF DIRECTORS
2017**

	POSITIONS HELD	APPOINTING ORGANIZATION	TERM BEGINS	TERM ENDS
Pamela Haun Attorney at Law P.O. Box 1700 Jonesboro, AR 72403 870-931-1700 870-931-1800 – Fax phaun@barrettdeacon.com	Vice Chair; Executive Committee; Audit/Finance Committee	Craighead County Bar Association Carla Rogers Nadzam, President	01/01/17	12/31/19
Mary Hoshall Hodges P.O. Box 747 Forrest City, AR 72336		St. Francis County Bar Association Austin Easley, President P.O. Box 1115 Forrest City, AR 72336 870-633-1447	01/01/16	12/31/18
Helen Jenkins P.O. Box 264 Blytheville, AR 72315 870-740-3945 annjen@yahoo.com	Client Advisory Committee; Audit/Finance Committee	CASA of the 2 nd Judicial District Desternie Richmond 511 Union Street, Suite 327 Jonesboro, AR 72401 870-935-1099	01/01/17	12/31/19
Tim Watson, Jr. 209 Walnut Street Newport, AR 72112 Phone: 870-523-8420 Fax: 870-523-4639 timwatsonjrlaw@yahoo.com		Jackson County Bar Association James McLarty Attorney at Law 114 Main Street Newport, AR 72112 870-523-2403 870-523-3630 - Fax	01/01/17	12/31/19
Val P. Price Attorney at Law P.O. Box 3072 Jonesboro, AR 72403-3072 870-934-9400 870-934-9400 - Fax valandleah@yahoo.com	Personnel/Client Grievance Committee; Executive Committee	Craighead County Bar Association Carla Rogers Nadzam, President	01/01/16	12/31/18
Faye Reed Attorney at Law 110 Oakland Ave. Helena-West Helena, AR 72342 870-817-0235 870-995-3198 – Cell frimprove@gmail.com	Personnel/Client Grievance Committee;	Phillips County Bar Association Mr. Phillip Allen P.O. Box 2602 West Helena, AR 72390	01/01/16	12/31/18
Laura Sharp 19833 Circle Creek Drive Omaha, AR 72662 870-688-3085 llwoods1969@yahoo.com	Client Advisory Committee; Executive Committee	Ozark Rape Crisis Center Dorinda Edmisten, Executive Director 125 W. Industrial Park Rd. Suite 2A Harrison, AR 72601 870-741-4141 870-741-3084 - Fax	01/01/15	12/31/17

**LEGAL AID OF ARKANSAS
BOARD OF DIRECTORS
2017**

	POSITIONS HELD	APPOINTING ORGANIZATION	TERM BEGINS	TERM ENDS
Annie B. Smith Assistant Professor of Law U of A School of Law Law School Legal Clinic 1045 W. Maple Street Waterman Hall – Room 107 Fayetteville, Arkansas 72701 479-575-3056 856-979-6321 – Cell abs006@uark.edu	Treasurer; Audit/Finance Committee	University of Arkansas School of Law Stacey Leeds, Dean Robert A. Leflar Law Center Fayetteville, AR 72701-1201 479-575-4504 479-575-3320 - Fax	01/01/15	12/31/17
Curtis Walker P.O. Box 627 Blytheville, AR 72316-0627 curtisjerome@sbcglobal.net		Arkansas Bar Association 2224 Cottdale Lane Little Rock, AR 72202 501-375-4606 501-375-4901 – Fax	01/01/15	12/31/17
Demetre Walker 902 N Larkspur Lane Fayetteville, AR 72704 479-587-3068 - Work 479-790-0440 - Cell	Client Advisory Group; Personnel/Client Grievance Committee	Arkansas Support Network Lynn Donald, Program Director 6836 Isaac's Orchard Road Springdale, AR 72762 479-927-4100 479-927-4101 – Fax	01/01/17	12/31/19
Rene Ward PO Box 3031 Forrest City, AR 72336 870-261-4309 grward72335@yahoo.com	Client Advisory Committee; Search/Appointments/ Nominations Committee	East Arkansas Area Agency on Aging Monte Callicott, Executive Director 2005 E. Highland Dr. PO Box 5035 Jonesboro, AR 72403-5035 870-930-2202	01/01/17	12/31/19
Kandy Webb Webb Law Offices P.O. Box 2447 Harrison, AR 72602-2447 870-741-2711 870-741-2781 – Fax		Boone-Newton Bar Association Mike Loggains, President 816 N. Main Street, Suite B Harrison, AR 72602 870-972-9224 870-741-4255 - Fax	01/01/15	12/31/17
Ron Wilson P.O. Box 1299 West Memphis, AR 72303-1299 870-735-2940 870-732-0174 – Fax esquirewilson@yahoo.com	Executive Committee	Crittenden County Bar Association Bart Ziegenhorn, President 106 Dover Road West Memphis, AR 72301 870-732-9100	01/01/15	12/31/17

**LEGAL AID OF ARKANSAS
BOARD OF DIRECTOR'S MEETING
December 10, 2016**

A meeting of the Board of Directors of Legal Aid of Arkansas (LAA) was held at 9:00 a.m. Saturday, December 10, 2016 at the Legal Aid of Arkansas' Springdale Office

The formal agenda was as follows:

1. Call to Order (Ms. Cung)
2. Approval of Minutes of September 10, 2016 Meeting (Ms. Cung)
3. Committee Report
 - a. Personnel/Client Grievance (Mr. Price)
 - b. Audit/Finance (Ms. Haun)
4. Salary Scale Update (Mr. Richardson)
5. Proposed 2017 Budget (Mr. Bowman, Ms. Haun)
6. Financial Report (Mr. Bowman)
7. Certification of Objective Integrity and Independence (Mr. Richardson)
8. Expiring Board Terms and 2017 Officers (Mr. Richardson)
9. Locations and Dates of 2017 Board Meetings (Mr. Richardson)
10. United Way Grant Applications (Mr. Richardson)
11. 2017 Case Acceptance Priorities (Mr. Richardson, Work Group Leaders)
12. Consumer Work Group and Low Income Taxpayer Clinic Report (Ms. Purtle, Ms. Liguori)
13. Update on Pro Bono Activities and Approval 2017 Private Attorney Involvement Plan (Ms. Jamison and Ms. Tank)
14. Update on 50th Anniversary Celebration (Ms. Morrison)
15. Director's Report (Mr. Richardson)
16. Old/New Business (Ms. Cung)
17. Adjournment (Ms. Cung)

Present in person were Vilma Asencio, Lori Chumbler, Beverly Claunch, Niki Cung and Val Price. Present via conference call were Dennis Blackmore, Neal Burns, Pamela Haun, Helen Jenkins, Jim McLarty, Demetre Walker, Kandy Webb and Ron Wilson. LAA staff in attendance in person included Lee Richardson, Executive Director; Elizabeth King, Admin Assistant/HR; David Bowman, Fiscal Officer; Heather Hersh, Ozark Regional Manager; Heidi Jamison, Pro Bono Coordinator; Susan Purtle, Consumer Work Group Leader; Allison Tank, AVLE Coordinator and Lynda Ware, Paralegal. Staff present via conference call included Jason Auer, Housing Workgroup Leader; Kevin De Liban, Economic Justice Workgroup Leader and Jennifer Liguori, LITC Director.

Board Chair Niki Cung called the meeting to order. She welcomed everyone and moved to item two on the agenda, Approval of Minutes of September 10, 2016 Meeting. She asked for questions regarding the minutes. Hearing none, she called for a motion.

A motion was made by Val Price, seconded by Beverly Claunch to approve the Minutes of the September 10, 2016 Meeting. The motion carried with none opposed.

Ms. Cung moved to item three on the agenda, Committee Reports, Personnel/Client Grievance Committee.

Mr. Price asked Mr. Richardson to give the report.

Mr. Richardson stated that we have had one client grievance committee hearing since the last board meeting. He stated that an individual from St. Francis County was complaining because of the level of services we had agreed to assist him with in a social security matter. He stated that the client was at the appeals council level and we had provided him with advice and limited service and he was complaining because he wanted full service. He stated that we had offered the client full service in a related case and he had refused that. He stated that the committee heard his complaint and then heard from our staff members that had been providing services to him and the committee directed him to write the client a letter restating what he had previously been advised and inviting him to reapply for our services once he had completed his appeal. Mr. Richardson stated the client had already won his case to the extent he was going to win it and that was why it was not taken on for further representation.

Ms. Cung asked for questions, hearing none she moved to the Audit/Finance Committee Report.

Ms. Haun stated that the Audit/Finance Committee met on Monday, November 14th, 2016 and discussed the approval of the audit agreement with the auditor, Yoakum, Lovell and Co. She stated that they are still willing to do the audit for the \$15,000 price which has been a consistent price for several years and the committee approved that audit agreement. She stated that the committee also approved the budget and projections which included a new salary structure. She stated that it projects that we could be down a bit at the end of 2017 but that is a conservative projection and we do not foresee that happening. She stated that the committee approved both the proposed budget and salary structure and would like to present those to the board for approval today.

Ms. Haun stated that she would present the audit agreement with Yoakum, Lovell and Co for \$15,000 to the Board for approval.

Mr. Cung asked for any questions, hearing none she asked for a motion to approve the continued use of Yoakum Lovell and Co for the 2016 audit.

A motion was made by Lori Chumbler, seconded by Beverly Claunch to approve Yoakum, Lovell and Co. to do the 2016 audit. The motion carried with none opposed.

Ms. Cung moved to item four on the agenda, Salary Scale Update.

Mr. Richardson stated that our current salary scale was created in 2010 and was updated for attorneys only in 2012 and there have been no updates since that time. He stated that he had created a much more ambitious salary scale update but it was going to cost us a lot more and in our current funding climate it would not be reasonable to propose. The scale we are proposing basically raises salaries on the starting end between 2-3% except for the clerical which was raised 13%. He stated that this is more in line with national averages for legal aid attorneys. He stated that in administrative on step nine you will see a figure that is different as that is the amount the department of labor had said a person would have to make to be exempt and since that time a Federal Judge has stopped that rule from being

implemented but it was to be implemented December 1st. He stated that this was circulated to staff for a little over a month with no negative feedback.

A motion was made by Jim McLarty, seconded by Beverly Claunch to approve the Salary Scale Update. The motion carried with none opposed.

Ms. Cung moved to item five on the agenda, Proposed 2017 Budget.

Ms. Haun turned it over to Mr. Bowman to present the proposed 2017 budget.

Mr. Bowman stated that he has provided the 2016, 2017 and 2018 projections. He stated that in 2017 on revenue we should end up with \$2,745,230 and expenses \$2,793,000 and we will be a little over our budget at \$47,900. He stated that he feels confident that we will not be in the negative at the end of 2017. He stated that in looking at the revenue you can see on 2016 we have ARCare funding of \$50,000 that we will not receive in 2017. He stated that United Way of Northwest Arkansas we have a bump of almost \$62,000. He stated that expenses for personnel will be up almost \$240,000 and part of that is due to the salary increase along with the six current AmeriCorps members and one Elder Justice Fellow. He stated that we are probably high on the benefits at this point but we like to present all the expenses for the different benefits. He stated that on non-personnel we are high as well and he would point out between 2016 – 2017 we do have property acquisitions of \$15,000 and we have not spent any of that in 2016 to this point. He also pointed out that on the Springdale loan payment we usually budget in for the interest payment and the building payment but we only present the interest at the end of the year. He stated that at the end of 2017 we should have carryover for approximately two and a half months.

Mr. Richardson stated that this is a moving target as always and we are under continuing resolution funding until the 31st of March and he anticipates then that there will be some action and we will have a budget for 2017 on the federal level. He stated that the IOLTA funding was projected at zero and we now know that will be \$20,000, and we may not reapply for AmeriCorps when this year is over in September so that number will change, the IOLTA housing foreclosure money will be higher as well. The Area Agency on Aging money we have contracts through the end of 2016 and we are projecting we will continue to get that money but we don't have contracts in hand. He stated that we will present a revised budget in March and feels things will be clearer than they are now.

Mr. Price inquired as to why we are considering not continuing the AmeriCorps program.

Mr. Richardson stated that it is getting much harder to fill the positions and the return on investment is getting harder to determine. He further stated that after so many years the match percentage increases as well. He stated that we started at 26% and we are now at 42% so there are multiple factors we are looking at.

There was some further discussion on the AmeriCorps program.

Ms. Cung asked for any further questions. Hearing none, she called for a motion.

A motion was made by Lori Chumbler, seconded by Val Price to approve the Proposed 2017 Budget. The motion carried with none opposed.

Ms. Cung moved to item six on the agenda, Financial Report.

Mr. Bowman presented the financial report for January – October 2016. He stated that revenue is at \$2,156,000 and expenses \$2,026,000 and we are currently over our budget by \$129,472 at this point. He stated that he would point out that we have started the AmeriCorps members and the Elder Justice Fellow and they are on expenses but we have not received any revenue on that at this point for October and November. He stated that he has the November year to date financials to look at as well. He stated that our revenue shows \$2,355,000 with expenses \$224,9000 and at this point out carryover would be \$105,971 and we are still showing 2.49% is our carryover which is almost two and a half months' carryover. He stated that in November we do not receive LSC funding but we do receive two months' worth of funding in January.

Mr. Richardson stated that he wanted to point out some things on the income, LITC we will be billing more but we do not know if we will hit the \$60,000. He stated that on line ten we did not know at the start of the year that we would just receive three housing foreclosure payments and then there would be a two-month gap so that looks short but we expect that to be made up by the end of year. Mr. Richardson reviewed some additional line items and asked for questions.

Ms. Cung asked for any questions regarding the Financial Report, hearing none she called for a motion.

A motion was made by Dennis Blackmore, seconded by Pamela Haun to approve the Financial Report. The motion carried with none opposed.

Ms. Cung moved to item seven on the agenda, Certification of Objective Integrity and Independence.

Mr. Richardson that this is a report we have to send in to LSC annually. He stated that basically this is part of 45 CFR 1610 and we are certifying to the Legal Services Corporation that we have not engaged in any prohibited activity. As part of our grant assurance to accept money from LSC we agree not to engage in prohibited activity which is laid out in 1610.2 and also that we are separate and apart from any organization that does engage in such activities. He stated that this was his verbal report to the Board.

Ms. Cung asked for any further questions regarding the Certification of Objective Integrity and Independence, hearing none she called for a motion.

A motion was made by Val Price, seconded by Lori Chumbler to approve the Certificate of Objective Integrity and Independence. The motion carried with none opposed and Board Chair Niki Cung signed the certification.

Ms. Cung moved to item eight on the agenda, Expiring Board Terms and 2017 Officers.

Mr. Richardson stated that we have eight terms expiring and seven of those are expiring at the end of 2016 and one that expired on December 31 of 2015 and that position carried forward which was Ms. Conner. He stated that letters have been sent to the other seven members asking if they would like to be reappointed. Ms. Cung and Ms. Haun have stated that they would like to be reappointed, Mr.

McLarty has stated that he is ready to slow down and retire from the board, Mr. Dientenbeck has moved from Baxter county to Craighead county so he would not be eligible to be reappointed by the Baxter county Bar Association. He inquired to Ms. Jenkins if she would like to be reappointed. She stated that she will need to call and discuss that because of relocation. Mr. Richardson inquired to Ms. Walker if she would like to be reappointed and she stated that she would like to continue to serve. Mr. Richardson stated that Ms. Ward is the other client eligible member that is up for reappointment and she is from St. Francis county. Mr. Richardson stated that the Search Appointments committee will meet in January.

Mr. Richardson stated that we have three officers that will be termed out at the end of 2016, Ms. Cung as Chair, Mr. McLarty as Vice Chair and Ms. Haun as Treasurer. He stated that we have made some inquiries and subject to board approval Ms. Chumbler has agreed to serve as Board Chair, Ms. Haun as Vice Chair and we are still working on someone to serve as Treasurer. He stated that a new slate of officers will be presented at the March board meeting. He stated if anyone has any interest in serving as an officer or knows of anyone who may be a good candidate for a board position to please contact Elizabeth King or himself.

Ms. Cung moved to item nine on the agenda, Locations and Dates of 2017 Board Meetings.

Mr. Richardson stated that he is suggesting Blytheville in March, virtual meeting in June, Jonesboro in September and then back to Northwest Arkansas in December.

There was discussion and the decision was made that if Arkansas Children's Hospital will accommodate we will have the June meeting in Little Rock and the September meeting could be virtual or in person.

Ms. Cung asked for any further questions regarding the Locations and Dates of 2017 Board Meetings, hearing none she called for a motion.

A motion was made by Val price, seconded by Lori Chumbler to approve the revised Locations and Dates of 2017 Board Meetings. The motion carried with none opposed.

Ms. Cung moved to item ten on the agenda, United Way Grant Applications.

Mr. Richardson stated that we partner with six United Way agencies in our service area and they need to see the minutes where our Board approves the applications. He stated that he would request board approval for applications to the United Way of Boone County, United Way of Greater Blytheville, United Way of North Central Arkansas, United Way of Northeast Arkansas, United Way of Northwest Arkansas, United Way of the Mid-South for 2017-2018 funding years.

Ms. Cung asked for any questions regarding the United Way Grant Applications, hearing none she called for a motion.

A motion was made by Kandy Webb, seconded by Beverly Claunch to approve the United Way Grant Applications as stated. The motion carried with none opposed.

Ms. Cung moved to item eleven on the agenda, 2017 Case Acceptance Priorities.

Mr. Richardson stated that each year we review the Case Acceptance Priorities. He stated that we have four work groups; domestic violence, consumer rights, access to safe and affordable housing and economic justice and they have each created these priorities with data from our case management system, feedback from the community, their own experiences and other information that filters in in a variety of ways. He further stated that there is a preamble at the beginning of the priorities and in that you will see seven numbers that we have used to evaluate each case when we are determining whether we will take the case for extended representation. He stated that the priorities are in the board packet and asked each of the workgroup leaders to share briefly about any changes to their specific priorities.

Ms. Purtle highlighted the consumer workgroup priorities and noted one change regarding expungements and that is that they are proposing adding “and the applicant is seeking housing or employment and the felony would be a hindrance” Ms. Claunch raised concern for narrowing the priorities concerning expungements.

Ms. Hersh reviewed the domestic violence workgroup priorities.

Mr. Auer reviewed the housing workgroup priorities

Mr. De Liban reviewed the economic justice workgroup priorities

There was continued discussion regarding the consumer priorities.

Ms. Cung asked for any further questions regarding the 2017 Case Acceptance Priorities, hearing none she called for a motion.

A motion was made by Lori Chumbler, seconded by Val Price to approve the 2017 Case Acceptance Priorities with an amendment to the preamble stating that referrals to pro se resources will be made only after considering the circumstances and the likelihood of the applicant being successful proceeding pro se. The motion carried with one opposed.

Ms. Cung moved to item twelve on the agenda, Consumer Workgroup Report and LITC Report.

Ms. Purtle gave a report on the Consumer Work Group and Ms. Liguori gave a report on the Low Income Tax Payer Clinic.

Ms. Cung moved to item thirteen on the agenda, Update on Pro Bono Activities and Approval of 2017 Private Attorney Involvement Plan.

Ms. Jamison and Ms. Tank gave reports on their respective Pro Bono programs.

There was discussion regarding malpractice insurance for retired pro bono attorneys and it was confirmed that they are covered under malpractice.

Ms. Cung asked for any questions regarding the 2017 Private Attorney Involvement Plan, hearing none she called for a motion.

A motion was made by Lori Chumbler, seconded by Beverly Claunch to approve the 2017 Private Attorney Involvement Plan. The motion carried with none opposed.

Ms. Cung moved to item fourteen, Update on 50th Anniversary Celebration.

Mr. Richardson stated that we were waiting on the election to be complete and had extended an invitation to Secretary Clinton to be our keynote and we were waiting to hear back on that and we are now redoubling our efforts to see if that is a possibility or not and by the first of the year we will move on if we have not heard a positive response. He stated that Rob Nagle who is the head of the Access to Justice Commission is suggesting that we hire an event planner and if the commission might be willing to pay for that for us we would certainly consider that but otherwise we will be moving forward. He stated that any board members on that committee should be hearing from us after the first of the year to start getting this planned for late summer or early fall.

Ms. Cung also mentioned the 50th Anniversary t-shirts and asked the board members to send Elizabeth their shirt size so she can send everyone a shirt. Ms. Chumbler inquired if the shirts would be for sale. Mr. Richardson stated that we have the capability of selling them on our website and we will work on that.

Ms. Cung moved to item fifteen on the agenda, Director's Report.

Mr. Richardson stated that the Director's Report is pretty self-explanatory but he wanted to highlight a few items. He asked Mr. De Liban to give an update about the federal lawsuit that the economic justice workgroup was prosecuting. Mr. De Liban stated that we won the case, it was a two and half day trial in October in front of Judge Marshall and he ruled from the bench in our favor. He stated that the issue was the state has implemented a new computer system that has resulted in wide spread cuts in the ARchoices program for elderly and profoundly physically disabled people who receive in home care through Medicaid. He stated that he believes we have had close to four dozen clients call us with this issue all of which have been cut over twenty and some up to fifty percent because of this computer program. He stated that we brought several claims and didn't win on everything but in essence we got what we wanted. He stated that these were due process claims so we are not saying that the state cannot use the computer system, it is saying that the state has to do certain things if it is going to reduce people's hours according to the computer system. He stated that it is a very meaningful victory as the Judge committed DHS on the record to changing the problem system wide and DHS promised they would. He stated that how this will be different is the state will have to describe if they try to reduce your benefits they have to describe in the notice what has actually changed. He stated that normally that would not seem like that big of a deal but the algorithm computer system they are using is so complex they do not even understand it. He stated that it will affect everyone who was reduced by the computer system so that is around 4,000 people that they will have to do this for. He further stated that the Judge also granted us prevailing party status and attorney fees. He stated that he wanted to recognize Walmart Legal Department as Ms. Chumbler arranged for us to present the issue to the team and Leann from Walmart provided us a lot of help as well. He stated that after being very cautious we are billing 750 hours on the case so we are waiting to hear on that. He stated that one complication is a week after the order was entered the 90-year-old plaintiff passed away which is very sad so that complicated the attorneys fee issue a bit and it appears we may have to start a probate case to address that issue so it may not get that resolved by the end of the year. He stated that if we receive a third of

what we are asking for, it would be about \$50,000. He stated that the issues are not solved and we have extended an olive branch with the agency to see if they can talk about our issues and avoid further litigation and as of this point they have been non responsive so it looks like starting in the new year we will be suing them again on some different things until they get reasonable.

Mr. Richardson stated that he went to Albuquerque and talked to the Legal Services board about case acceptance procedures in late October and from some of the questions they asked it occurred to him that if that board didn't know what the closing codes on the case statistical report meant then our board may not either. He stated he will go over that at a board meeting very soon. He stated that the CSR is in the board packet and that is a reflection of all the work we have done this year on the cases we have closed. He stated that A means we provided them some advice on the phone or sent a letter, B means we did a little something extra such as calling a third party on their behalf or preparing some type of simple document and then you get into extended cases after that.

He further stated that on page 95 of the packet there are case closures by county and he wanted to point out the depth of work we are doing in Pulaski county and these relate back to Arkansas Children's Hospital. He stated that overall we have closed cases in 64 of the 75 counties in Arkansas this year. Mr. Richardson stated that the last thing he wanted to point out is order of protections, we have done 967 in some way so far this year and that is 17% of our cases closed over the course of the year.

Mr. Richardson stated that in his report he talked about the IOLTA Foreclosure money coming from the IOLTA foundation and then things changed as he received additional information after this packet was sent out. He stated that about four years ago there was an initial settlement from Bank of America of about two million dollars that came to the Arkansas Attorney General's office that got passed through to the Access to Justice Commission which turned the money over to the IOLTA foundation who then granted the money out to the Center for Arkansas Legal Services and Legal Aid of Arkansas with a 55/45% split. He stated that the money has been doled out at \$225,000 a year for the last four years and has now been depleted except for \$75,000 which was income earned on that money. He stated that the \$75,000 is being distributed to Legal Aid of Arkansas and the Center for Arkansas Legal Services by the end of the year and we will receive \$33,767 and CALS will receive the \$41,000 so that is some income that was reflected in the budget but we reflected \$30,000 and not the \$33,767. He stated that the second thing he would like to point out was some additional Bank of America settlement funds that came in during 2016. He stated there was one check for \$416,608 and one check \$4,346. The IOLTA foundation has determined that they will add those funds to the base funding going forward. He stated that there is a large amount of money that goes to provide foreclosure prevention services and community redevelopment legal services. He stated that this money will be used anytime there is home ownership by one of our clients if there is any type of nexus where we would be able to help them keep their home. He further stated that community redevelopment legal services is harder to define but the primary thing will be disputes with landlords. He stated that we will be able to bill that money out at \$150 an hour for attorneys and \$75 an hour for non-attorneys so we will have to be careful not to deplete it too quickly. Mr. Richardson stated that out of the settlement funds of 4 million, 3.2 million will be base funding over the next five years with the Center for Arkansas Legal Services getting 59% and LAA receiving 41% of that money. We will end up getting \$131,189 every six months and on the first funding allocation there will be an additional \$50,000, \$30,000 for the Center for Arkansas Legal Services and \$20,000 for Legal Aid of Arkansas to make up for the lack of IOLTA funding in 2017. He stated that there is 1.2 million left over and that will be for special projects and will be dispersed by poverty population instead of competitive. He stated we should receive an

additional \$164,526 a year for three years and we have determined that one special project we would to advance that might be sustainable would be fair housing if we can get a fair housing project started then we will be in a better position to receive HUD funding.

He asked for any questions regarding his report.

Ms. Cung asked if there was any Old/New Business to discuss.

Mr. Blackmore stated that Charles Morris is willing to allow us to use some of his space in Batesville. Mr. Richardson thanked Mr. Blackmore and stated that he will follow up on that and talk with Mr. Morris.

Hearing no more business, Ms. Cung asked for a motion to adjourn.

A motion was made by Beverly Claunch, seconded by Val Price to adjourn the meeting. The motion carried with none opposed.

DATED: _____, 2017

Secretary
Board of Directors
Legal Aid of Arkansas



Yoakum, Lovell & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

February 23, 2017

To the Board of Directors of
Legal Aid of Arkansas
Jonesboro, Arkansas

We have audited the financial statements of Legal Aid of Arkansas for the year ended December 31, 2016, and have issued our report thereon dated February 23, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 18, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Legal Aid of Arkansas are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the value of donated services is based on the hours of the services received at their estimated fair market value rates. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of Commitments in Note 4 to the financial statement identifies the present and future commitments relating to leases for building space by the Organization. In addition, the disclosure of the Concentration of Funding in Note 11 to the financial statements identifies the significant concentrations of the Organization's funding sources during the year.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 23, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors and management of Legal Aid of Arkansas and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Yoakum, Lovell & Company, PLC

Yoakum, Lovell & Company, PLC

Legal Aid of Arkansas
Financial Statements
December 31, 2016 and 2015
Recipient #604020

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"Draft"

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, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

"Direct"

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, 2016 and 2015, 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 12 through 24 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 February 23, 2017, on our consideration of Legal Aid of Arkansas's internal control over financial reporting and 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 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.

Certified Public Accountants

Benton, Arkansas
February 23, 2017

Legal Aid of Arkansas
Statements of Financial Position
December 31, 2016 and 2015

	Assets	<u>2016</u>	<u>2015</u>
Current Assets			
Cash		\$ 718,482	\$ 602,472
Client Trust Deposits		4,853	5,467
Grants and Contracts Receivable		108,965	77,070
Prepaid Expenses		<u>34,594</u>	<u>29,383</u>
Total Current Assets		<u>866,894</u>	<u>714,392</u>
Property and Equipment, Net		<u>279,649</u>	<u>293,763</u>
Total Assets		<u><u>\$1,146,543</u></u>	<u><u>\$1,008,155</u></u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable		\$ 15,881	\$ 27,337
Accrued Expenses		73,703	79,944
Accrued Leave		71,495	67,531
Client Deposits Held in Trust		4,853	5,467
Deferred Support		10,000	
Current Portion of Long-Term Debt		<u>208,960</u>	<u>16,111</u>
Total Current Liabilities		<u>384,892</u>	<u>196,390</u>
Long-Term Debt		<u>210,075</u>	
Total Liabilities		<u>384,892</u>	<u>406,465</u>
Net Assets			
Unrestricted			
Arkansas Filing Fees		165,598	
Donations		525,364	509,513
Property		<u>49,807</u>	<u>42,795</u>
Total Unrestricted		<u>740,769</u>	<u>552,308</u>
Temporarily Restricted			
Other			24,600
Property		<u>20,882</u>	<u>24,782</u>
Total Temporarily Restricted		<u>20,882</u>	<u>49,382</u>
Total Net Assets		<u>761,651</u>	<u>601,690</u>
Total Liabilities and Net Assets		<u><u>\$1,146,543</u></u>	<u><u>\$1,008,155</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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support			
Grants and Contracts	\$	\$2,271,964	\$2,271,964
Contributions	129,790		129,790
Other Support	250,214	6,076	256,290
Donated Services		763,931	763,931
Miscellaneous		29,611	29,611
Interest		2,995	2,995
Net Assets Released from Restriction	<u>3,103,077</u>	<u>(3,103,077)</u>	
Total Support	<u>3,483,081</u>	<u>(28,500)</u>	<u>3,454,581</u>
Expenses			
Program Services	3,022,492		3,022,492
Supporting Services			
Management and General	<u>272,128</u>		<u>272,128</u>
Total Expenses	<u>3,294,620</u>		<u>3,294,620</u>
Change in Net Assets	188,461	(28,500)	159,961
Net Assets at Beginning of Year	<u>552,308</u>	<u>49,382</u>	<u>601,690</u>
Net Assets at End of Year	<u>\$ 740,769</u>	<u>\$ 20,882</u>	<u>\$ 761,651</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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support			
Grants and Contracts	\$	\$2,203,467	\$2,203,467
Contributions	284,268		284,268
Other Support	250,214	2,600	252,814
Donated Services		822,901	822,901
Miscellaneous		8,953	8,953
Interest		1,888	1,888
Net Assets Released from Restriction	<u>3,038,304</u>	<u>(3,038,304)</u>	
Total Support	<u>3,572,786</u>	<u>1,505</u>	<u>3,574,291</u>
Expenses			
Program Services	3,165,881		3,165,881
Supporting Services			
Management and General	<u>257,397</u>		<u>257,397</u>
Total Expenses	<u>3,423,278</u>		<u>3,423,278</u>
Change in Net Assets	149,508	1,505	151,013
Net Assets at Beginning of Year	<u>402,800</u>	<u>47,877</u>	<u>450,677</u>
Net Assets at End of Year	<u>\$ 552,308</u>	<u>\$ 49,382</u>	<u>\$ 601,690</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, 2016 and 2015

	2016			2015		
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
Expenses						
Salaries	\$1,636,987	\$ 175,223	\$1,812,210	\$1,648,675	\$ 177,418	\$1,826,093
Fringe Benefits	287,219	18,661	305,880	312,254	18,895	331,149
Professional Dues	12,406	3,264	15,670	11,913	3,625	15,538
Audit	15,000		15,000	15,000		15,000
Insurance	14,797	12,653	27,450	15,636	11,583	27,219
Contract Services	5,139		5,139	4,590		4,590
Training and Travel	32,764	13,548	46,312	26,319	10,310	36,629
Local Mileage	47,050	9,564	56,614	48,099	12,375	60,474
Space Rent	20,800		20,800	17,674		17,674
Utilities and Janitorial	32,931	1,691	34,622	33,575	1,237	34,812
Office Supplies	27,884	14,266	42,150	26,806	11,266	38,072
Printing	526	1,979	2,505	32		32
Postage	12,941	149	13,090	17,962	46	18,008
Telecommunications	38,722	18,978	57,700	50,881	8,978	59,859
Library	14,522		14,522	16,241		16,241
Repairs and Maintenance	17,618		17,618	11,465		11,465
Litigation	13,163		13,163	4,001		4,001
Advertising	554	2,152	2,706	1,037	1,664	2,701
Miscellaneous	3,714		3,714	14,897		14,897
Subgrants				42,000		42,000
Interest Expense	9,710		9,710	9,480		9,480
Donated Services	763,931		763,931	822,901		822,901
Depreciation	14,114		14,114	14,443		14,443
Total Expenses	\$3,022,492	\$ 272,128	\$3,294,620	\$3,165,881	\$ 257,397	\$3,423,278

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, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 159,961	\$ 151,013
Items Not Requiring Cash:		
Depreciation Expense	14,114	14,443
(Increase) Decrease In:		
Grants and Contracts Receivable	(31,895)	(25,705)
Prepaid Expenses and Other Assets	(5,211)	1,498
Increase (Decrease) In:		
Accounts Payable	(11,456)	(4,574)
Accrued Expenses	(6,241)	3,446
Accrued Leave	3,964	(5,620)
Deferred Support	10,000	
Net Cash Provided by Operating Activities	133,236	134,501
 Cash Flows from Financing Activities		
Payments on Long-Term Debt	(17,226)	(15,384)
Net Cash Used by Financing Activities	(17,226)	(15,384)
 Net Increase in Cash	116,010	119,117
 Cash at Beginning of Year	602,472	483,355
 Cash at End of Year	\$ 718,482	\$ 602,472

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 three classes of net assets:

Unrestricted – Those resources over which the organization has discretionary control.

Temporarily Restricted - Those resources subject to donor imposed restrictions which will be satisfied by actions of the organization or passage of time.

Permanently Restricted - Those resources subject to a donor imposed restriction that requires they be maintained permanently by the organization. The donors of these resources permit the organization to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes. The organization presently has no permanently restricted net assets.

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. In accordance with LSC policy, the Organization may use unspent funds in future periods as long as expenses incurred are in compliance with the specified terms of the LSC grant.

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.

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 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 2013, 2014, 2015 and 2016 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, 2018	\$8,100
Helena	Month-to-month	\$6,000
West Memphis	Month-to-month	\$7,200

Rental expenses for the years ended December 31, 2016 and 2015, were \$20,800 and \$17,674, respectively. Future minimum lease payments under operating leases that have remaining terms as of December 31, 2016, are \$16,992 for 2017 and \$14,458 for 2018. This includes operating leases for two copiers and the lease for the Harrison property.

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 3% for 2016 and 2015. Total contributions by the Organization in 2016 and 2015 were \$30,156 and \$30,682, respectively.

Note 6: 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 7: 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 8: Property and Equipment

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

	<u>2016</u>	<u>2015</u>
Land	\$ 8,000	\$ 8,000
Buildings	505,799	505,799
Furniture and Equipment	122,202	122,202
Leasehold Improvements	<u>71,596</u>	<u>71,596</u>
Total Property and Equipment	707,597	707,597
Less: Accumulated Depreciation	<u>(427,948)</u>	<u>(413,834)</u>
Property and Equipment, Net	<u>\$ 279,649</u>	<u>\$ 293,763</u>

Legal Aid of Arkansas
Notes to Financial Statements

Note 9: Private Attorney Involvement

The private attorney involvement exceeded 12 1/2% requirement set forth by Legal Services Corporation in 2016 and 2015.

Note 10: Long-Term Debt

	<u>2016</u>	<u>2015</u>
4.0% note payable, payable in monthly payments of \$2,072, principal and interest through May 2017, at which time the remaining balance will be due, secured by real estate	\$ 208,960	\$ 226,186
Less: Current Portion	<u>208,960</u>	<u>16,111</u>
Total Long-Term Debt	<u>\$</u>	<u>\$ 210,075</u>

Management intends to refinance this note payable at maturity.

Interest paid for the year ended December 31, 2016 and 2015, was \$9,710 and \$9,480, respectively.

Note 11: Concentration of Funding

Approximately 55% and 54% of the organization's funding is provided from grants from Legal Services Corporation for the years ended December 31, 2016 and 2015, respectively.

Note 12: 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 13: Temporarily Restricted Net Assets

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. Temporarily restricted net assets 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>2016</u>	<u>2015</u>
SNAP	\$	\$ 21,900
Arkansas Community Foundation		2,700
Property	<u>20,882</u>	<u>24,782</u>
Total Temporarily Restricted Net Assets	<u>\$ 20,882</u>	<u>\$ 49,382</u>

Note 14: Subsequent Events

Subsequent events were evaluated through February 23, 2017, which is the date the financial statements were available to be issued.

Legal Aid of Arkansas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Federal Grantor, Pass-Through Grantor and Program Title	Federal CFDA Number	Federal Expenditures
Legal Services Corporation - Basic Field	09.604020	\$1,480,844
U.S. Department of Justice Pass-Through Program from Arkansas Department of Finance and Administration (Office of Inter-Governmental Services) - VOCA	16.575	83,331
U.S. Department of the Treasury Low Income Taxpayer Clinic Grant	21.008	60,000
U.S. Department of Health and Human Services Pass-Through Program from Arkansas Department of Human Services:		
Title IIIB	93.044	17,383
Title IIIB (White River Area Agency on Aging)	93.044	3,620
Title IIIB (Northwest Arkansas Area Agency on Aging)	93.044	9,312
Title IIIB (East Arkansas Area Agency on Aging)	93.044	<u>31,625</u>
		61,940
Pass-Through Program from the University of Arkansas: Cooperative Agreement to Support Navigators in Federally-Facilitated and State Partnership Exchanges	93.332	<u>9,413</u>
Total U.S. Department of Health and Human Services		<u>71,353</u>
Corporation for National and Community Service Pass-Through Program from Equal Justice Works:		
AmeriCorps	94.006	30,947
Pass-Through Program from Arkansas Department of Human Services: AmeriCorps	94.006	<u>55,199</u>
Total Corporation for National and Community Service		<u>86,146</u>
Total Expenditures of Federal Awards		<u><u>\$1,781,674</u></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, 2016. 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 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 - Unrestricted
For the Year Ended December 31, 2016

	Arkansas Filing Fees	Donations	Property	Total
Support				
Cash Donations	\$	\$ 129,790	\$	\$ 129,790
Other Support	250,214			250,214
Total Support	<u>250,214</u>	<u>129,790</u>		<u>380,004</u>
Expenses				
Personnel				
Salaries	35,437	88,887		124,324
Fringe Benefits	5,982	8,891		14,873
Other				
Professional Dues	10,436			10,436
Training and Travel	4,939			4,939
Local Mileage	4,147			4,147
Utilities and Janitorial		1,376		1,376
Office Supplies	1,344	2,223		3,567
Postage	200	433		633
Telecommunications		379		379
Library		208		208
Repairs and Maintenance		2,950		2,950
Litigation	50	23		73
Miscellaneous		3,714		3,714
Interest	4,855	4,855		9,710
Depreciation			10,214	10,214
Total Expenses	<u>67,390</u>	<u>113,939</u>	<u>10,214</u>	<u>191,543</u>
Support over (under) Expenses	182,824	15,851	(10,214)	188,461
Payments on Long-Term Debt	(17,226)		17,226	
Change in Net Assets	165,598	15,851	7,012	188,461
Net Assets at Beginning of Year		<u>509,513</u>	<u>42,795</u>	<u>552,308</u>
Net Assets at End of Year	<u>\$ 165,598</u>	<u>\$ 525,364</u>	<u>\$ 49,807</u>	<u>\$ 740,769</u>

Legal Aid of Arkansas
Statement of Activities by Funding Source - Temporarily Restricted
For the Year Ended December 31, 2016

	LSC Basic Field	VOCA	Medical Legal Partnership
Support			
Grants and Contracts	\$1,480,844	\$ 83,331	\$ 161,494
Donated Services	763,931		
Attorney Fees	2,576		
Miscellaneous			
Interest Income	1,647		
Total Support	<u>2,248,998</u>	<u>83,331</u>	<u>161,494</u>
Expenses			
Personnel			
Salaries	987,727	61,306	131,375
Fringe Benefits	166,850	12,450	26,680
Other			
Professional Dues	4,885		125
Audit	15,000		
Insurance	27,450		
Contract Services	5,139		
Training and Travel	38,394		836
Local Mileage	32,700	9,530	2,422
Space Rent	20,800		
Utilities and Janitorial	33,246		
Office Supplies	37,290		15
Printing	2,505		
Postage	12,419	2	36
Telecommunications	57,321		
Library	13,927		
Repairs and Maintenance	14,668		
Litigation	12,040	43	5
Advertising	2,706		
Miscellaneous			
Subgrants			
Donated Services	763,931		
Depreciation			
Total Expenses	<u>2,248,998</u>	<u>83,331</u>	<u>161,494</u>
Changes in Net Assets			
Net Assets at Beginning of Year	<u> </u>	<u> </u>	<u> </u>
Net Assets at End of Year	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>

Legal Aid of Arkansas
Statement of Activities by Funding Source - Temporarily Restricted (cont'd)
For the Year Ended December 31, 2016

	<u>AmeriCorps</u>	<u>Area Agencies on Aging</u>	<u>IRS-LITC</u>	<u>Navigator</u>
Support				
Grants and Contracts	\$ 55,199	\$ 61,940	\$ 60,000	\$ 9,413
Donated Services				
Attorney Fees		3,500		
Miscellaneous	21,611			
Interest Income				
Total Support	<u>76,810</u>	<u>65,440</u>	<u>60,000</u>	<u>9,413</u>
Expenses				
Personnel				
Salaries	62,129	54,394	60,000	7,628
Fringe Benefits	14,681	11,046		1,549
Other				
Professional Dues				24
Audit				
Insurance				
Contract Services				
Training and Travel				
Local Mileage				212
Space Rent				
Utilities and Janitorial				
Office Supplies				
Printing				
Postage				
Telecommunications				
Library				
Repairs and Maintenance				
Litigation				
Advertising				
Miscellaneous				
Subgrants				
Donated Services				
Depreciation				
Total Expenses	<u>76,810</u>	<u>65,440</u>	<u>60,000</u>	<u>9,413</u>
Changes in Net Assets				
Net Assets at Beginning of Year	<u> </u>	<u> </u>	<u> </u>	<u> </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 - Temporarily Restricted (cont'd)
For the Year Ended December 31, 2016

	United Way of			
	Northwest Arkansas Counties	Northeast Arkansas Counties	Greater Blytheville	Mid- South
Support				
Grants and Contracts	\$ 43,054	\$ 15,564	\$ 2,500	\$ 4,870
Donated Services				
Attorney Fees				
Miscellaneous				
Interest Income				
Total Support	<u>43,054</u>	<u>15,564</u>	<u>2,500</u>	<u>4,870</u>
Expenses				
Personnel				
Salaries	35,787	12,937	2,078	4,048
Fringe Benefits	7,267	2,627	422	822
Other				
Professional Dues				
Audit				
Insurance				
Contract Services				
Training and Travel				
Local Mileage				
Space Rent				
Utilities and Janitorial				
Office Supplies				
Printing				
Postage				
Telecommunications				
Library				
Repairs and Maintenance				
Litigation				
Advertising				
Miscellaneous				
Subgrants				
Donated Services				
Depreciation				
Total Expenses	<u>43,054</u>	<u>15,564</u>	<u>2,500</u>	<u>4,870</u>
Changes in Net Assets				
Net Assets at Beginning of Year	<u> </u>	<u> </u>	<u> </u>	<u> </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 - Temporarily Restricted (cont'd)
For the Year Ended December 31, 2016

	United Way of			Equal Justice Works AmeriCorps
	Independence County	Boone County	IOLTA	
Support				
Grants and Contracts	\$ 4,000	\$ 1,500	\$ 244,383	\$ 30,947
Donated Services				
Attorney Fees				
Miscellaneous				8,000
Interest Income				
Total Support	4,000	1,500	244,383	38,947
Expenses				
Personnel				
Salaries	3,325	1,247	194,891	38,947
Fringe Benefits	675	253	39,579	
Other				
Professional Dues			200	
Audit				
Insurance				
Contract Services				
Training and Travel			2,143	
Local Mileage			4,903	
Space Rent				
Utilities and Janitorial				
Office Supplies			1,278	
Printing				
Postage				
Telecommunications				
Library			387	
Repairs and Maintenance				
Litigation			1,002	
Advertising				
Miscellaneous				
Subgrants				
Donated Services				
Depreciation				
Total Expenses	4,000	1,500	244,383	38,947
Changes in Net Assets				
Net Assets at Beginning of Year				
Net Assets at End of Year	\$	\$	\$	\$

Legal Aid of Arkansas
Statement of Activities by Funding Source - Temporarily Restricted (cont'd)
For the Year Ended December 31, 2016

	<u>Other</u>	<u>Property</u>	<u>Total</u>
Support			
Grants and Contracts	\$ 12,925	\$	\$2,271,964
Donated Services			763,931
Attorney Fees			6,076
Miscellaneous			29,611
Interest Income	1,348		2,995
Total Support	<u>14,273</u>		<u>3,074,577</u>
Expenses			
Personnel			
Salaries	30,067		1,687,886
Fringe Benefits	6,106		291,007
Other			
Professional Dues			5,234
Audit			15,000
Insurance			27,450
Contract Services			5,139
Training and Travel			41,373
Local Mileage	2,700		52,467
Space Rent			20,800
Utilities and Janitorial			33,246
Office Supplies			38,583
Printing			2,505
Postage			12,457
Telecommunications			57,321
Library			14,314
Repairs and Maintenance			14,668
Litigation			13,090
Advertising			2,706
Donated Services			763,931
Depreciation		3,900	3,900
Total Expenses	<u>38,873</u>	<u>3,900</u>	<u>3,103,077</u>
Changes in Net Assets	(24,600)	(3,900)	(28,500)
Net Assets at Beginning of Year	<u>24,600</u>	<u>24,782</u>	<u>49,382</u>
Net Assets at End of Year	<u>\$</u>	<u>\$ 20,882</u>	<u>\$ 20,882</u>

Legal Aid of Arkansas
Statement of Activities by Funding Source - Unrestricted
For the Year Ended December 31, 2015

	Arkansas Filing Fees	Donations	Property	Total
Support				
Cash Donations	\$	\$ 284,268	\$	\$ 284,268
Other Support	250,214			250,214
Total Support	<u>250,214</u>	<u>284,268</u>		<u>534,482</u>
Expenses				
Personnel				
Salaries	150,635	94,516		245,151
Fringe Benefits	49,869	24,557		74,426
Other				
Professional Dues	10,734			10,734
Insurance	1,804			1,804
Contract Services	4,590			4,590
Training and Travel	4,726			4,726
Local Mileage	5,435			5,435
Utilities and Janitorial	7			7
Office Supplies	7,160			7,160
Postage	461			461
Telecommunications	479			479
Library	99			99
Litigation	463			463
Advertising	289			289
Miscellaneous		9,456		9,456
Interest	4,740	4,740		9,480
Depreciation			10,214	10,214
Total Expenses	<u>241,491</u>	<u>133,269</u>	<u>10,214</u>	<u>384,974</u>
Support over (under) Expenses	8,723	150,999	(10,214)	149,508
Payments on Long-Term Debt	<u>(15,384)</u>		<u>15,384</u>	
Change in Net Assets	(6,661)	150,999	5,170	149,508
Net Assets at Beginning of Year	<u>6,661</u>	<u>358,514</u>	<u>37,625</u>	<u>402,800</u>
Net Assets at End of Year	<u>\$</u>	<u>\$ 509,513</u>	<u>\$ 42,795</u>	<u>\$ 552,308</u>

Legal Aid of Arkansas
Statement of Activities by Funding Source - Temporarily Restricted
For the Year Ended December 31, 2015

	LSC Basic Field	LSC TIG #13062	VOCA	Medical Legal Partnership
Support				
Grants and Contracts	\$1,495,419	\$	\$ 67,802	\$ 77,985
Donated Services	822,901			
Attorney Fees	100			
Miscellaneous	600			3,071
Interest Income	1,888			
Total Support	2,320,908		67,802	81,056
Expenses				
Personnel				
Salaries	983,362	2,660	48,506	69,456
Fringe Benefits	178,328	482	8,796	5,178
Other				
Professional Dues	4,379			150
Audit	15,000			
Insurance	25,415			
Training and Travel	23,351		12	2,103
Local Mileage	37,490		10,451	3,487
Space Rent	17,674			
Utilities and Janitorial	34,805			
Office Supplies	27,331			431
Printing	32			
Postage	17,291			236
Telecommunications	59,380			
Library	15,784			
Repairs and Maintenance	11,465			
Litigation	2,523		37	
Advertising	2,397			15
Miscellaneous		1,591		
Subgrants	42,000			
Donated Services	822,901			
Depreciation				
Total Expenses	2,320,908	4,733	67,802	81,056
Changes in Net Assets		(4,733)		
Net Assets at Beginning of Year		4,733		
Net Assets at End of Year	\$	\$	\$	\$

Legal Aid of Arkansas
Statement of Activities by Funding Source - Temporarily Restricted (cont'd)
For the Year Ended December 31, 2015

	<u>AmeriCorps</u>	<u>Area Agencies on Aging</u>	<u>IRS-LITC</u>	<u>Navigator</u>
Support				
Grants and Contracts	\$ 12,272	\$ 80,770	\$ 58,407	\$ 41,720
Donated Services				
Attorney Fees		500		
Miscellaneous	5,282			
Interest Income				
Total Support	<u>17,554</u>	<u>81,270</u>	<u>58,407</u>	<u>41,720</u>
Expenses				
Personnel				
Salaries	17,554	68,795	58,407	40,072
Fringe Benefits		12,475		7,267
Other				
Professional Dues				150
Audit				
Insurance				
Training and Travel				947
Local Mileage				751
Space Rent				
Utilities and Janitorial				
Office Supplies				2,566
Printing				
Postage				
Telecommunications				
Library				
Repairs and Maintenance				
Litigation				
Advertising				
Miscellaneous				
Subgrants				
Donated Services				
Depreciation				
Total Expenses	<u>17,554</u>	<u>81,270</u>	<u>58,407</u>	<u>51,753</u>
Changes in Net Assets				(10,033)
Net Assets at Beginning of Year				<u>10,033</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 - Temporarily Restricted (cont'd)
For the Year Ended December 31, 2015

	United Way of			
	Northwest Arkansas Counties	Northeast Arkansas Counties	Greater Blytheville	Mid- South
Support				
Grants and Contracts	\$ 18,067	\$ 15,564	\$ 2,500	\$ 4,694
Donated Services				
Attorney Fees				
Miscellaneous				
Interest Income				
Total Support	<u>18,067</u>	<u>15,564</u>	<u>2,500</u>	<u>4,694</u>
Expenses				
Personnel				
Salaries	15,294	13,175	2,116	3,974
Fringe Benefits	2,773	2,389	384	720
Other				
Professional Dues				
Audit				
Insurance				
Training and Travel				
Local Mileage				
Space Rent				
Utilities and Janitorial				
Office Supplies				
Printing				
Postage				
Telecommunications				
Library				
Repairs and Maintenance				
Litigation				
Advertising				
Miscellaneous				
Subgrants				
Donated Services				
Depreciation				
Total Expenses	<u>18,067</u>	<u>15,564</u>	<u>2,500</u>	<u>4,694</u>
Changes in Net Assets				
Net Assets at Beginning of Year	<u> </u>	<u> </u>	<u> </u>	<u> </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 - Temporarily Restricted (cont'd)
For the Year Ended December 31, 2015

	United Way of		IOLTA Housing Foreclosure	Equal Justice Works AmeriCorps
	Independence County	Boone County		
Support				
Grants and Contracts	\$ 4,000	\$ 2,000	\$ 225,000	\$ 48,400
Donated Services				
Attorney Fees			2,000	
Miscellaneous				
Interest Income				
Total Support	4,000	2,000	227,000	48,400
Expenses				
Personnel				
Salaries	3,386	1,693	183,567	48,400
Fringe Benefits	614	307	33,288	
Other				
Professional Dues			125	
Audit				
Insurance				
Training and Travel			5,490	
Local Mileage			2,840	
Space Rent				
Utilities and Janitorial				
Office Supplies			584	
Printing				
Postage			20	
Telecommunications				
Library			358	
Repairs and Maintenance				
Litigation			728	
Advertising				
Miscellaneous				
Subgrants				
Donated Services				
Depreciation				
Total Expenses	4,000	2,000	227,000	48,400
Changes in Net Assets				
Net Assets at Beginning of Year				
Net Assets at End of Year	\$	\$	\$	\$

Legal Aid of Arkansas
Statement of Activities by Funding Source - Temporarily Restricted (cont'd)
For the Year Ended December 31, 2015

	<u>Other</u>	<u>Property</u>	<u>Total</u>
Support			
Grants and Contracts	\$ 48,867	\$	\$2,203,467
Donated Services			822,901
Attorney Fees			2,600
Miscellaneous			8,953
Interest Income			1,888
Total Support	<u>48,867</u>		<u>3,039,809</u>
Expenses			
Personnel			
Salaries	20,525		1,580,942
Fringe Benefits	3,722		256,723
Other			
Professional Dues			4,804
Audit			15,000
Insurance			25,415
Training and Travel			31,903
Local Mileage	20		55,039
Space Rent			17,674
Utilities and Janitorial			34,805
Office Supplies			30,912
Printing			32
Postage			17,547
Telecommunications			59,380
Library			16,142
Repairs and Maintenance			11,465
Litigation	250		3,538
Advertising			2,412
Miscellaneous	3,850		5,441
Subgrants			42,000
Donated Services			822,901
Depreciation		4,229	4,229
Total Expenses	<u>28,367</u>	<u>4,229</u>	<u>3,038,304</u>
Changes in Net Assets	20,500	(4,229)	1,505
Net Assets at Beginning of Year	<u>4,100</u>	<u>29,011</u>	<u>47,877</u>
Net Assets at End of Year	<u>\$ 24,600</u>	<u>\$ 24,782</u>	<u>\$ 49,382</u>

Legal Aid of Arkansas
 Statements of Private Attorney Involvement
 For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Support		
Grants and Contracts	\$ 185,664	\$ 188,998
Donated Services	<u>763,931</u>	<u>822,901</u>
Total Support	<u>949,595</u>	<u>1,011,899</u>
Expenses		
Personnel		
Salaries	119,777	112,967
Fringe Benefits	23,846	24,407
Other		
Professional Dues	666	33
Insurance	1,000	987
Training and Travel	6,947	2,816
Local Mileage	7,636	10,135
Space Rent	1,622	1,303
Office Supplies	7,709	4,603
Postage	1,491	3,131
Telecommunications	4,498	4,412
Library	1,132	1,197
Repairs and Maintenance	3,843	3,411
Litigation	846	456
Advertising	707	553
Miscellaneous	3,944	4,587
Subgrants		14,000
Donated Services	<u>763,931</u>	<u>822,901</u>
Total Expenses	<u>949,595</u>	<u>1,011,899</u>
Support over (under) Expenses	<u>\$</u>	<u>\$</u>

11 Draft

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, 2016 and 2015, 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 February 23, 2017.

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*.

''Draft''

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.

Certified Public Accountants

Benton, Arkansas
February 23, 2017

"Direct"

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, 2016. 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, 2016.

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.

Certified Public Accountants

Benton, Arkansas
February 23, 2017

Legal Aid of Arkansas
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2016

There were no prior year audit findings.

Legal Aid of Arkansas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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

Forms 990 / 990-EZ Return Summary

For calendar year 2016, or tax year beginning _____, and ending _____

71-0439977

LEGAL AID OF ARKANSAS

Net Asset / Fund Balance at Beginning of Year		<u>601,690</u>
Revenue		
Contributions	<u>386,080</u>	
Program service revenue	<u>2,271,964</u>	
Investment income	<u>2,995</u>	
Capital gain / loss	<u> </u>	
Fundraising / Gaming:		
Gross revenue	<u> </u>	
Direct expenses	<u> </u>	
Net income	<u> </u>	
Other income	<u>29,611</u>	
Total revenue		<u>2,690,650</u>
Expenses		
Program services	<u>2,258,561</u>	
Management and general	<u>272,128</u>	
Fundraising	<u> </u>	
Total expenses		<u>2,530,689</u>
Excess / (deficit)		<u>159,961</u>
Changes		<u> </u>
Net Asset / Fund Balance at End of Year		<u>761,651</u>

Reconciliation of Revenue

Total revenue per financial statements	<u>3,454,581</u>
Less:	
Unrealized gains	<u> </u>
Donated services	<u>763,931</u>
Recoveries	<u> </u>
Other	<u> </u>
Plus:	
Investment expenses	<u> </u>
Other	<u> </u>
Total revenue per return	<u>2,690,650</u>

Reconciliation of Expenses

Total expenses per financial statements	<u>3,294,620</u>
Less:	
Donated services	<u>763,931</u>
Prior year adjustments	<u> </u>
Losses	<u> </u>
Other	<u> </u>
Plus:	
Investment expenses	<u> </u>
Other	<u> </u>
Total expenses per return	<u>2,530,689</u>

Balance Sheet

	Beginning	Ending	Differences
Assets	<u>1,008,155</u>	<u>1,146,543</u>	
Liabilities	<u>406,465</u>	<u>384,892</u>	
Net assets	<u>601,690</u>	<u>761,651</u>	<u>159,961</u>

Miscellaneous Information

Amended return _____
 Return / extended due date 05/15/17
 Failure to file penalty _____

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.
Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016
Open to Public Inspection

A For the 2016 calendar year, or tax year beginning , and ending

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return/terminated
 Amended return
 Application pending

C Name of organization
LEGAL AID OF ARKANSAS

Doing business as

Number and street (or P.O. box if mail is not delivered to street address) Room/suite
714 SOUTH MAIN ST

City or town, state or province, country, and ZIP or foreign postal code
JONESBORO AR 72401

D Employer identification number
71-0439977

E Telephone number
870-972-9224

G Gross receipts \$ **2,690,650**

F Name and address of principal officer:
LEE RICHARDSON
714 SOUTH MAIN STREET
JONESBORO AR 72401

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
 If "No," attach a list. (see instructions)

I Tax-exempt status: 501(c)(3) 501(c) () **t** (insert no.) 4947(a)(1) or 527

J Website: **u n/a** **H(c)** Group exemption number **u**

K Form of organization: Corporation Trust Association Other **u** **L** Year of formation: **2002** **M** State of legal domicile: **AR**

Part I Summary

1 Briefly describe the organization's mission or most significant activities:
TO PROVIDE LEGAL ASSISTANCE & HOUSING COUNSELING TO THE UNDERPRIVILEGED CITIZENS OF NORTH ARKANSAS.

2 Check this box **u** if the organization discontinued its operations or disposed of more than 25% of its net assets.

3 Number of voting members of the governing body (Part VI, line 1a) **3 21**

4 Number of independent voting members of the governing body (Part VI, line 1b) **4 21**

5 Total number of individuals employed in calendar year 2016 (Part V, line 2a) **5 68**

6 Total number of volunteers (estimate if necessary) **6 307**

7a Total unrelated business revenue from Part VIII, column (C), line 12 **7a 0**

b Net unrelated business taxable income from Form 990-T, line 34 **7b 0**

	Revenue	
	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	537,082	386,080
9 Program service revenue (Part VIII, line 2g)	2,203,467	2,271,964
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,888	2,995
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	8,953	29,611
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,751,390	2,690,650
Expenses		
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		0
14 Benefits paid to or for members (Part IX, column (A), line 4)		0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	2,157,242	2,118,090
16a Professional fundraising fees (Part IX, column (A), line 11e)		0
b Total fundraising expenses (Part IX, column (D), line 25) u		0
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	443,135	412,599
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	2,600,377	2,530,689
19 Revenue less expenses. Subtract line 18 from line 12	151,013	159,961
Net Assets or Fund Balances		
	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	1,008,155	1,146,543
21 Total liabilities (Part X, line 26)	406,465	384,892
22 Net assets or fund balances. Subtract line 21 from line 20	601,690	761,651

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer: **LEE RICHARDSON** Date: **EXECUTIVE DIRECTOR**

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: **ZEKE JONES** Preparer's signature: **ZEKE JONES** Date: **03/17/17** Check if self-employed PTIN: **P00799564**

Firm's name: **Yoakum, Lovell & Company, PLC** Firm's EIN: **71-0783492**

Firm's address: **1106 Military Rd Benton, AR 72015-2909** Phone no.: **501-778-0495**

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:

TO PROVIDE LEGAL ASSISTANCE & HOUSING COUNSELING TO THE UNDERPRIVILEGED CITIZENS OF NORTH ARKANSAS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ **2,258,561** including grants of \$) (Revenue \$)

TO PROVIDE LEGAL SERVICES TO LOW INCOME INDIVIDUALS.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses **u 2,258,561**

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?		X
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		X
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		X
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?		X
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		X
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X

Part IV Checklist of Required Schedules (continued)

		Yes	No
20a	Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		
21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
22	Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>		X
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, or IV, and Part V, line 1</i>		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O.	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
1a	15		
1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		X
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
2a	68		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
b	If "Yes," enter the name of the foreign country: u See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		
d	If "Yes," indicate the number of Forms 8282 filed during the year		
7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the sponsoring organization make any taxable distributions under section 4966?		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
c	Enter the amount of reserves on hand	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b	

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a	The governing body?	X	
8b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
13	Did the organization have a written whistleblower policy?	X	
14	Did the organization have a written document retention and destruction policy?		X
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	X	
15b	Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).	X	
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed **u** **None**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records: **u**

LEGAL AID OF ARKANSAS
JONESBORO

714 SOUTH MAIN ST.

AR 72401

870-972-9224

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) VILMA ASENCIO	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(2) DENNIS BLACKMORE	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(3) NEAL BURNS	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(4) LORI CHUMBLER	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(5) BEVERLY CLAUNCH	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(6) JILLEY CONNER	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(7) NIKI CUNG	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(8) JOHN DEITENBECK	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(9) PAMELA HAUN	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(10) MARY HODGES	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(11) HELEN JENKINS	0.00									
BOARD MEMBER	0.00			X			0	0	0	

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(12) JAMES MCLARTY	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(13) VAL P. PRICE	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(14) FAYE REED	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(15) LAURA SHARP	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(16) ANNIE SMITH	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(17) CURTIS WALKER	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(18) DEMETRE WALKER	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(19) RENE WARD	0.00									
BOARD MEMBER	0.00			X			0	0	0	
1b Sub-total									u	
c Total from continuation sheets to Part VII, Section A									u	
d Total (add lines 1b and 1c)									u	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **u 0**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3	X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4	X
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **u 67** 0

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	386,080			
	g Noncash contributions included in lines 1a-1f: \$					
	h Total. Add lines 1a-1f	u	386,080			
Program Service Revenue	2a Program Service Revenue	Busn. Code	2,271,964	2,271,964		
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g Total. Add lines 2a-2f	u	2,271,964			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)	u	2,995	2,995		
	4 Income from investment of tax-exempt bond proceeds	u				
	5 Royalties	u				
	6a Gross rents	(i) Real				
		(ii) Personal				
	b Less: rental exps.					
	c Rental inc. or (loss)					
	d Net rental income or (loss)	u				
	7a Gross amount from sales of assets other than inventory	(i) Securities				
		(ii) Other				
	b Less: cost or other basis & sales exps.					
	c Gain or (loss)					
	d Net gain or (loss)	u				
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a				
		b Less: direct expenses	b			
c Net income or (loss) from fundraising events	u					
9a Gross income from gaming activities. See Part IV, line 19	a					
	b Less: direct expenses	b				
c Net income or (loss) from gaming activities	u					
10a Gross sales of inventory, less returns and allowances	a					
	b Less: cost of goods sold	b				
c Net income or (loss) from sales of inventory	u					
Miscellaneous Revenue		Busn. Code				
11a MISCELLANEOUS			29,611	29,611		
b						
c						
d All other revenue						
e Total. Add lines 11a-11d	u		29,611			
12 Total revenue. See instructions.	u		2,690,650	2,304,570	0	0

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	1,812,210	1,636,987	175,223	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	305,880	287,219	18,661	
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting	15,000	15,000		
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)				
12 Advertising and promotion				
13 Office expenses	47,361	28,964	18,397	
14 Information technology				
15 Royalties				
16 Occupancy	55,422	53,731	1,691	
17 Travel	102,926	79,814	23,112	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	9,710	9,710		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	14,114	14,114		
23 Insurance	27,450	14,797	12,653	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Telephone	57,700	38,722	18,978	
b Repairs and Maintenance	17,618	17,618		
c Professional Dues	15,670	12,406	3,264	
d Library	14,522	14,522		
e All other expenses	35,106	34,957	149	
25 Total functional expenses. Add lines 1 through 24e	2,530,689	2,258,561	272,128	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year	
Assets	1	Cash—non-interest bearing	602,472	1	718,482
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	77,070	4	108,965
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges	29,383	9	34,594
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 707,597		
	b	Less: accumulated depreciation	10b 427,948	10c	279,649
	11	Investments—publicly traded securities		11	
	12	Investments—other securities. See Part IV, line 11		12	
	13	Investments—program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	5,467	15	4,853
16	Total assets. Add lines 1 through 15 (must equal line 34)	1,008,155	16	1,146,543	
Liabilities	17	Accounts payable and accrued expenses	174,812	17	161,079
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties	226,186	23	208,960
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	5,467	25	14,853
	26	Total liabilities. Add lines 17 through 25	406,465	26	384,892
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	552,308	27	740,769
	28	Temporarily restricted net assets	49,382	28	20,882
	29	Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
33	Total net assets or fund balances	601,690	33	761,651	
34	Total liabilities and net assets/fund balances	1,008,155	34	1,146,543	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	2,690,650
2	Total expenses (must equal Part IX, column (A), line 25)	2	2,530,689
3	Revenue less expenses. Subtract line 2 from line 1	3	159,961
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	601,690
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	761,651

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	X	
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	X	

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(20) KANDY WEBB	0.00									
BOARD MEMBER	0.00			X			0	0	0	
(21) RON WILSON	0.00									
BOARD MEMBER	0.00			X			0	0	0	
1b Sub-total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)										

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **u**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>		
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **u 72**

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

2016

Department of the Treasury
Internal Revenue Service

u Attach to Form 990 or Form 990-EZ.

Open to Public Inspection

u Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization

LEGAL AID OF ARKANSAS

Employer identification number

71-0439977

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ).)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state:
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land grant college of agriculture (see instructions). Enter the name, city, and state of the college or university:
- 10 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
 - f Enter the number of supported organizations
 - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
Total						

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	2,641,929	2,659,685	2,632,526	2,740,549	2,658,044	13,332,733
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	2,641,929	2,659,685	2,632,526	2,740,549	2,658,044	13,332,733
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						13,332,733

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
7 Amounts from line 4	2,641,929	2,659,685	2,632,526	2,740,549	2,658,044	13,332,733
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	2,499	2,616	2,094	1,888	2,995	12,092
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						13,344,825

12 Gross receipts from related activities, etc. (see instructions) 12 2,304,570

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f)) 14 99.91 %

15 Public support percentage from 2015 Schedule A, Part II, line 14 15 99.90 %

16a 33 1/3% support test—2016. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here**. The organization qualifies as a publicly supported organization

b 33 1/3% support test—2015. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here**. The organization qualifies as a publicly supported organization

17a 10%-facts-and-circumstances test—2016. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here**. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization

b 10%-facts-and-circumstances test—2015. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here**. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization

18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) u	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) u	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2015 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2015 Schedule A, Part III, line 17	18	%

- 19a 33 1/3% support tests—2016.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization
- b 33 1/3% support tests—2015.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization
- 20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations *(continued)*

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
11a		
b A family member of a person described in (a) above?		
11b		
c A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI.</i>		
11c		

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>		
1		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.</i>		
2		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>		
1		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
1		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>		
2		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>		
3		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
2 Activities Test. Answer (a) and (b) below.		
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>		
2a		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>		
2b		
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>		
3a		
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>		
3b		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6 and 7 from line 4).	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035.	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	

7 Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2016 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2016	(iii) Distributable Amount for 2016
1 Distributable amount for 2016 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2016 (reasonable cause required-explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2016:			
a			
b			
c From 2013			
d From 2014			
e From 2015			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2016 distributable amount			
i Carryover from 2011 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2016 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2016 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2016, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.			
6 Remaining underdistributions for 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			
7 Excess distributions carryover to 2017. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a			
b Excess from 2013			
c Excess from 2014			
d Excess from 2015			
e Excess from 2016			

Part VI Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

u Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. u Attach to Form 990.

u Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization

Employer identification number

LEGAL AID OF ARKANSAS

71-0439977

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate value of contributions to (during year), 3 Aggregate value of grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors... Yes No, 6 Did the organization inform all grantees... Yes No.

Part II Conservation Easements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

Table with 2 columns: Description, Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements, 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution, 3 Number of conservation easements modified, 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy..., 6 Staff and volunteer hours..., 7 Amount of expenses..., 8 Does each conservation easement..., 9 In Part XIII, describe how the organization reports...

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Table with 2 columns: Description, Amount. Rows include: 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report..., 1b If the organization elected, as permitted under SFAS 116 (ASC 958), to report..., 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain...

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a** Public exhibition
- b** Scholarly research
- c** Preservation for future generations
- d** Loan or exchange programs
- e** Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

- c** Beginning balance
- d** Additions during the year
- e** Distributions during the year
- f** Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

Part V Endowment Funds.

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a** Board designated or quasi-endowment **u**
 - b** Permanent endowment **u**
 - c** Temporarily restricted endowment **u**
- The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i)** unrelated organizations
- (ii)** related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		8,000		8,000
b Buildings		505,799	246,923	258,876
c Leasehold improvements		71,596	58,823	12,773
d Equipment		122,202	122,202	
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)			u	279,649

Part VII Investments—Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) u		

Part VIII Investments—Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) u		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) u	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value	
(1) Federal income taxes		
(2) DEFERRED SUPPORT	10,000	
(3) CLIENT DEPOSITS	4,853	
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) u	14,853	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

2016

Department of the Treasury
Internal Revenue Service

u Attach to Form 990 or 990-EZ.

**Open to Public
Inspection**

u Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization

LEGAL AID OF ARKANSAS

Employer identification number

71-0439977

Form 990, Part VI, Line 11b - Organization's Process to Review Form 990

EXECUTIVE DIRECTOR REVIEWS 990 PRIOR TO SIGNING AND MAILING THE RETURN.

Form 990, Part VI, Line 12c - Enforcement of Conflicts Policy

The board members sign a form annually.

Form 990, Part VI, Line 15a - Compensation Process for Top Official

THE BOARD OF DIRECTORS USES COMPARABILITY DATA TO DETERMINE WAGES.

Form 990, Part VI, Line 15b - Compensation Process for Officers

THE BOARD OF DIRECTORS USES COMPARABILITY DATA TO DETERMINE WAGES.

Form 990, Part VI, Line 19 - Governing Documents Disclosure Explanation

**The organization makes its governing documents, conflict of interest
policy, and financial statements available to the public upon request.**

Two Year Comparison Report

Form **990****2015 & 2016**

For calendar year 2016, or tax year beginning

, ending

Name

Taxpayer Identification Number

LEGAL AID OF ARKANSAS**71-0439977**

		2015	2016	Differences
Revenue	1. Contributions, gifts, grants	1. 537,082	386,080	-151,002
	2. Membership dues and assessments	2.		
	3. Government contributions and grants	3.		
	4. Program service revenue	4. 2,203,467	2,271,964	68,497
	5. Investment income	5. 1,888	2,995	1,107
	6. Proceeds from tax exempt bonds	6.		
	7. Net gain or (loss) from sale of assets other than inventory	7.		
	8. Net income or (loss) from fundraising events	8.		
	9. Net income or (loss) from gaming	9.		
	10. Net gain or (loss) on sales of inventory	10.		
	11. Other revenue	11. 8,953	29,611	20,658
	12. Total revenue. Add lines 1 through 11	12. 2,751,390	2,690,650	-60,740
Expenses	13. Grants and similar amounts paid	13.		
	14. Benefits paid to or for members	14.		
	15. Compensation of officers, directors, trustees, etc.	15.		
	16. Salaries, other compensation, and employee benefits	16. 2,157,242	2,118,090	-39,152
	17. Professional fundraising fees	17.		
	18. Other professional fees	18. 15,000	15,000	
	19. Occupancy, rent, utilities, and maintenance	19. 52,486	55,422	2,936
	20. Depreciation and Depletion	20. 14,443	14,114	-329
	21. Other expenses	21. 361,206	328,063	-33,143
	22. Total expenses. Add lines 13 through 21	22. 2,600,377	2,530,689	-69,688
	23. Excess or (Deficit). Subtract line 22 from line 12	23. 151,013	159,961	8,948
Other Information	24. Total exempt revenue	24. 2,751,390	2,690,650	-60,740
	25. Total unrelated revenue	25.		
	26. Total excludable revenue	26. 2,214,308	2,304,570	90,262
	27. Total assets	27. 1,008,155	1,146,543	138,388
	28. Total liabilities	28. 406,465	384,892	-21,573
	29. Retained earnings	29. 601,690	761,651	159,961
	30. Number of voting members of governing body	30. 21	21	
	31. Number of independent voting members of governing body	31. 21	21	
	32. Number of employees	32. 66	68	
	33. Number of volunteers	33. 715	307	

Form 990	Tax Return History	2016
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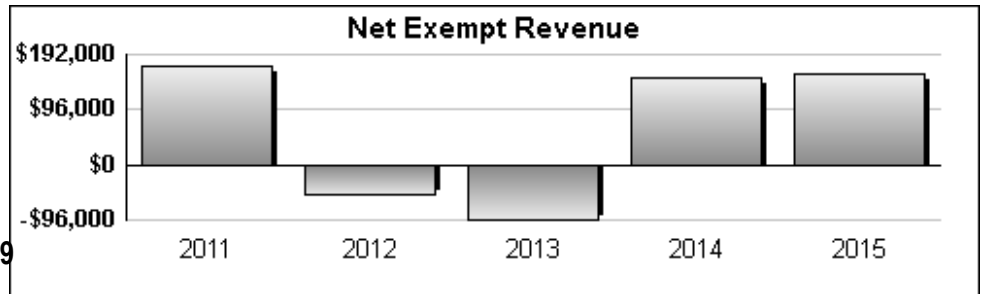
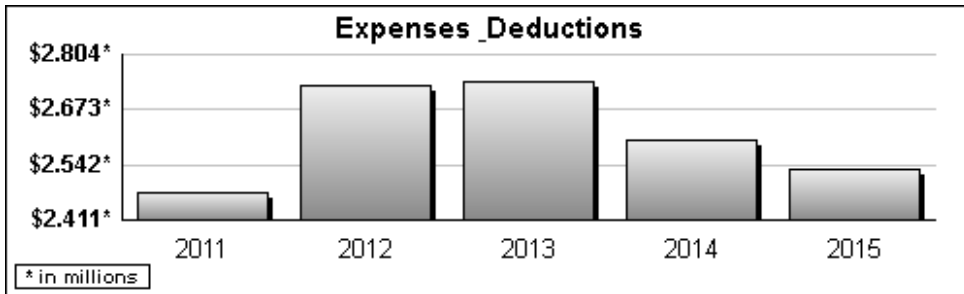
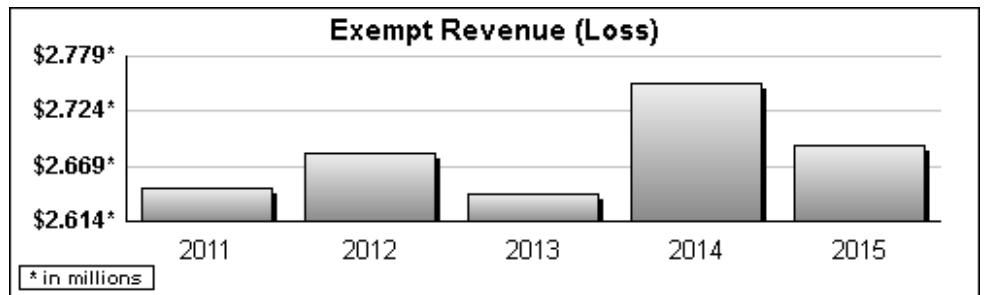
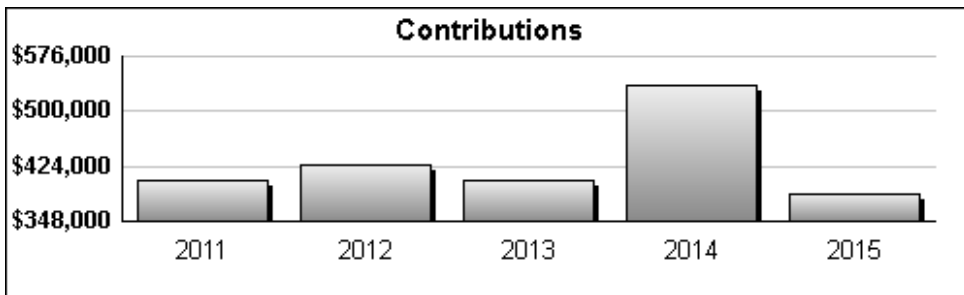
Name LEGAL AID OF ARKANSAS	Employer Identification Number 71-0439977
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	2012	2013	2014	2015	2016	2017
Contributions, gifts, grants	404,723	425,688	405,002	537,082	386,080	
Membership dues						
Program service revenue	2,237,206	2,233,997	2,227,524	2,203,467	2,271,964	
Capital gain or loss						
Investment income	2,499	2,616	2,094	1,888	2,995	
Fundraising revenue (income/loss)						
Gaming revenue (income/loss)						
Other revenue	3,539	19,633	7,418	8,953	29,611	
Total revenue	2,647,967	2,681,934	2,642,038	2,751,390	2,690,650	
Grants and similar amounts paid						
Benefits paid to or for members						
Compensation of officers, etc.						
Other compensation	2,017,640	2,263,008	2,234,226	2,157,242	2,118,090	
Professional fees		15,000	15,000	15,000	15,000	
Occupancy costs	62,069	43,833	51,524	52,486	55,422	
Depreciation and depletion	13,794	16,578	15,129	14,443	14,114	
Other expenses	383,356	393,843	422,543	361,206	328,063	
Total expenses	2,476,859	2,732,262	2,738,422	2,600,377	2,530,689	
Excess or (Deficit)	171,108	-50,328	-96,384	151,013	159,961	
Total exempt revenue	2,647,967	2,681,934	2,642,038	2,751,390	2,690,650	
Total unrelated revenue						
Total excludable revenue	2,647,967	2,256,246	2,237,036	2,214,308	2,304,570	
Total Assets	1,015,319	962,771	881,237	1,008,155	1,146,543	
Total Liabilities	417,930	415,710	430,560	406,465	384,892	
Net Fund Balances	597,389	547,061	450,677	601,690	761,651	

Form 990T	Tax Return History	2016
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Name LEGAL AID OF ARKANSAS	Employer Identification Number 71-0439977
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	2012	2013	2014	2015	2016	2017
Business activity profit/loss						
Capital gains/losses						
Partner and S Corp gain/loss						
Rental income*						
Debt-financed income*						
Controlled organizations income/interest*						
Investment income, specific organizations*						
Exploited exempt activity income*						
Other income						
Total trade or business income.						
Compensation of officers, ect.						
Other salaries and wages						
Repairs and maintenance						
Bad debts						
Interest						
Taxes and licenses						
Charitable contributions						
Depreciation and Depletion						
Deferred compensation plans						
Employee benefit programs						

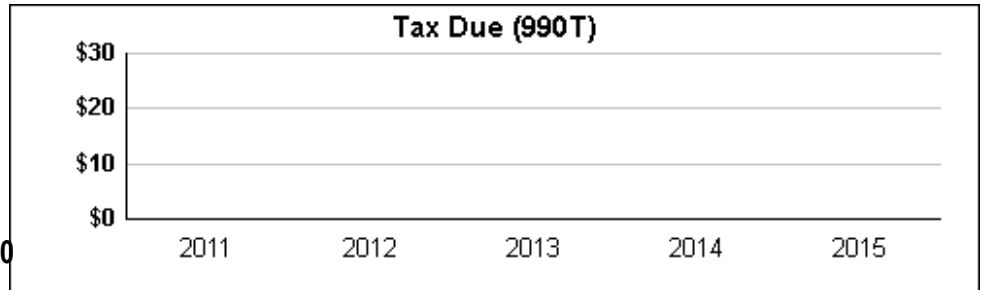
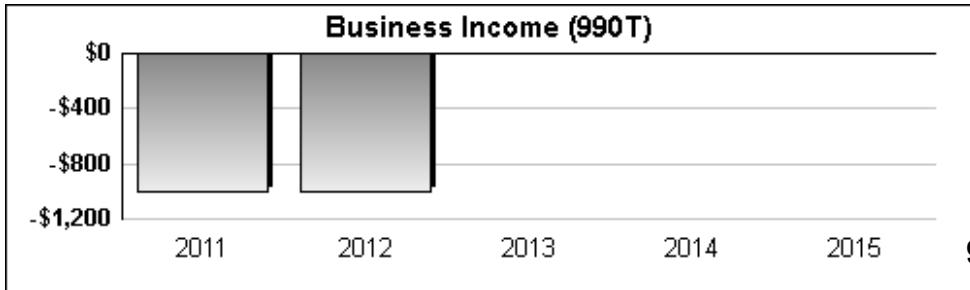
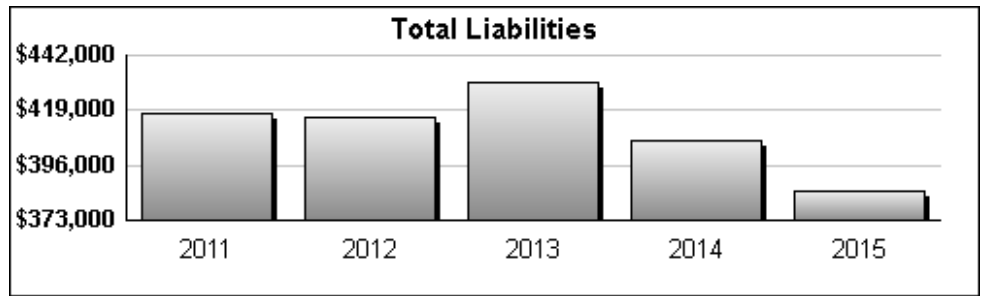
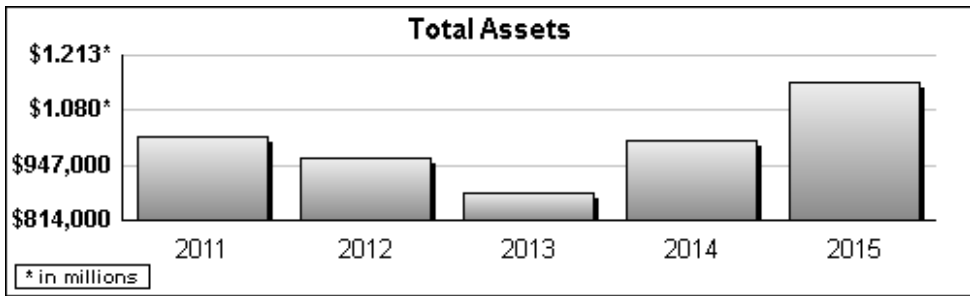


Form 990T	Tax Return History	2016
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Name LEGAL AID OF ARKANSAS	Employer Identification Number 71-0439977
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	2012	2013	2014	2015	2016	2017
Other deductions						
Net operating loss deduction						
Specific deduction	1,000	1,000				
Income after expense and deductions	-1,000	-1,000				
Income tax (corporate or trust)						
Other taxes						
Total taxes						
General business credit						
Other credits						
Net tax after credits						
Estimated tax payments						
Other payments						
Balance due/Overpayment						

* Income shown net of expenses



Federal Statements**Form 990, Part IX, Line 24e - All Other Expenses**

<u>Description</u>	<u>Total Expenses</u>	<u>Program Service</u>	<u>Management & General</u>	<u>Fund Raising</u>
Litigation	\$ 13,163	\$ 13,163		\$
POSTAGE	13,090	12,941	149	
Contract Services	5,139	5,139		
Misc. Expenses	3,714	3,714		
Total	<u>\$ 35,106</u>	<u>\$ 34,957</u>	<u>\$ 149</u>	<u>\$ 0</u>

Federal Statements**Schedule A, Part II, Line 12 - Current year**

<u>Description</u>	<u>Amount</u>
Program Service Revenue	\$ 2,271,964
Taxable Interest on Savings and Temporary Cash Investments	2,995
MISCELLANEOUS	29,611
1	
Total	<u>\$ 2,304,570</u>

LEGAL AID OF ARKANSAS, INC (LEGFND)

Detailed Balance Sheet

As of: 2/28/2017

3/10/2017 10:15:28 PM

All Funds

Page 1

Assets

10-00-100	CASH - BANK OF FAYETTEVILLE	543,498.85
10-00-101	CASH-CENTENNIAL BANK-GENERAL	225,873.03
10-00-105	CASH-IN-BANK - B.O.F. LITC	20.00
10-00-107	CASH-IBERIA BANK MM	224,536.55
10-00-110	CLIENTS TRUST BANK ACCTS	5,359.38
10-00-121	ACCOUNTS RECEIVABLE	389.70
10-00-150	LAND	8,000.00
10-00-151	BUILDINGS	505,799.34
10-00-155	FURNITURE & EQUIPMENT	122,201.89
10-00-170	LEASEHOLD IMPROVEMENTS	71,595.81
10-00-180	ACCUMULATED DEPRECIATION	(442,008.26)

Total Assets

\$1,265,266.29

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Liabilities

10-00-204	CLIENTS TRUST	5,359.38
10-00-205	ACCRUED PAYROLL	73,192.28
10-00-210	UNITED WAY W/H	467.50
10-00-213	GROUP INS. W/H & PAYABLE	(8,522.91)
10-00-214	RETIREMENT W/H & PAYABLE	8,735.82
10-00-220	ACCRUED LEAVE	71,494.98
10-00-240	DEFERRED SUPPORT	122,229.50
10-00-245	NOTE PAYABLE-FIRST SECURITY	206,276.46

Total Liabilities

\$479,233.01

Net Assets

10-00-303	Net Assets-Property Restricted	20,882.37
10-00-304	NET ASSETS-DONATIONS RESERVE	100,000.00
10-00-305	NET ASSETS-DONATIONS-Unrestricted	425,363.90
10-00-306	Net Assets-Property Unrestricted	49,805.96
10-00-320	NET ASSETS- ARK FILING FEES	165,598.27
	Excess Revenues Over Expenses	24,382.78

Total Net Assets

\$786,033.28

Total Liabilities and Net Worth

\$1,265,266.29

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LEGAL AID OF ARKANSAS
 ACTUAL REVENUE & EXPENDITURES
 FOR THE PERIOD JANUARY 1 THRU FEBRUARY 28 , 2017

Line#	Revenue:	2017 Approved Budget	FEB 2017 Actual	Dec 2016 Actual	Dec 2015Actual
1	LSC BASIC GRANT	\$1,480,844.00	\$244,457.50	\$1,480,844.00	\$1,495,419.00
2	Ark Adm Justice Funds	\$250,213.86	\$41,702.30	\$250,213.80	\$250,213.80
3	IOLTA	\$0.00	\$0.00	\$20,000.00	\$0.00
4	Ark Community Foundation	\$0.00	\$0.00	\$0.00	\$2,700.00
5	Americorps (Includes CALS Funds and Summer Project)	\$123,497.71	\$6,961.14	\$84,810.23	\$17,554.18
6	STOP/VAWA/VOCA	\$118,125.00	\$6,500.00	\$83,331.15	\$67,801.51
7	Modest Means	\$0.00	\$50.00	\$425.00	\$50.00
8	IRS-LITC	\$60,000.00	\$0.00	\$60,000.00	\$58,406.77
9	IOLTA-Housing Foreclosure	\$257,500.00	\$129,689.46	\$224,382.68	\$225,000.00
10	MLP-EJW&ACH&-2016	\$100,600.00	\$600.00	\$103,943.93	\$81,056.38
11	AR CARE	\$0.00	\$0.00	\$50,000.00	\$0.00
12	ST VINCENT	\$30,000.00	\$10,000.00	\$7,550.00	\$0.00
13	Georgetown University	\$16,666.67	\$16,666.67	\$0.00	\$0.00
14	Equal Justice Works	\$25,200.00	\$0.00	\$30,946.96	\$48,400.00
15	AAA-White River	\$2,500.00	\$0.00	\$3,619.50	\$3,062.50
16	AAA-East Arkansas	\$35,000.00	\$3,775.00	\$31,625.00	\$39,025.00
17	AAA NWA	\$9,112.00	\$0.00	\$9,312.00	\$10,562.50
18	UW-Boone Cnty	\$2,000.00	\$500.00	\$1,500.00	\$2,000.00
19	UW-Bly	\$3,000.00	\$600.00	\$2,500.00	\$2,500.00
20	UW-NW Ark	\$80,000.00	\$16,388.15	\$43,054.26	\$18,066.96
21	UW-NE Ark	\$15,974.00	\$2,651.50	\$15,564.48	\$15,564.48
22	UW-Independence Cnty	\$4,000.00	\$0.00	\$4,000.00	\$4,000.00
23	UW-Mid South	\$4,819.00	\$2,409.63	\$4,869.74	\$4,694.11
24	ADHS-DAAS	\$22,178.00	\$0.00	\$17,383.05	\$28,119.47
25	Donations	\$85,000.00	\$962.05	\$121,841.44	\$274,318.40
26	Interest income	\$2,500.00	\$646.18	\$2,994.75	\$1,887.92
27	Attorney fees	\$4,000.00	\$443.66	\$6,075.97	\$2,600.00
28	Other	\$0.00	\$0.00	\$0.00	\$600.00
29	Affordable Care Act (2016-UA.Navig.\$ +ACF \$	\$0.00	\$0.00	\$9,412.72	\$41,720.29
30	SNAP- Rev	\$0.00	\$0.00	\$0.00	\$34,799.00
31	Washington County Law Library	\$12,500.00	\$2,083.34	\$12,500.04	\$5,208.35
32	RACES-NEA LawDay & NWA Judicata	\$0.00	\$0.00	\$7,949.00	\$9,950.00
33	7 Hills.ServiceVetFamilies	\$0.00	\$0.00	\$0.00	\$6,109.16
34	TIG	\$0.00	\$0.00	\$0.00	\$0.00
35	Revenue (excludes carryOver)	\$2,745,230.24	\$487,086.58	\$2,690,649.70	\$2,751,389.78

LEGAL AID OF ARKANSAS
 ACTUAL REVENUE & EXPENDITURES
 FOR THE PERIOD JANUARY 1 THRU FEBRUARY 28 , 2017

36	Expenses:	2017 Approved Budget	FEB 2017 Actual	Dec 2016 Actual	Dec 2015 Actual
37	Total-Attny(excludes AMC&EJW; Includes ACH/EJW-MLP)	\$1,308,622.39	\$192,283.00	\$1,199,496.14	\$1,211,944.55
38	Total-Paralegals	\$267,946.15	\$41,081.74	\$256,056.99	\$247,042.80
39	Total-Other	\$259,004.68	\$41,919.41	\$233,356.10	\$266,684.06
40	Total-Americorps	\$112,000.00	\$14,066.62	\$70,591.71	\$18,216.00
41	Total-EJW (Living Allow&Suppl Benefits)	\$30,663.08	\$6,073.65	\$52,768.40	\$82,205.24
42	Benefits Budgeted (includes Americorp & EJW benefits)	\$360,780.55	\$70,348.89	\$305,879.75	\$331,148.64
43	Grand Total of All Payroll	\$2,339,016.85	\$365,773.31	\$2,118,149.09	\$2,157,241.29
44					
45	Space Rent (HA \$675, WM\$600, Helena \$500)	\$21,300.00	\$5,325.00	\$20,800.00	\$17,674.00
46	Space Other Expenses	\$34,799.00	\$4,553.55	\$34,621.74	\$34,811.64
47	Equipment Rental&Maint	\$14,310.00	\$2,514.26	\$14,668.29	\$11,465.27
48	Office Supplies	\$37,850.00	\$7,443.58	\$42,149.50	\$38,071.95
49	Postage /Printing	\$15,500.00	\$2,185.58	\$15,595.71	\$18,039.73
50	Communication Expense	\$62,240.00	\$9,124.75	\$57,699.99	\$59,858.50
51	Travel Board Members & Mtg Supplies	\$4,500.00	\$0.00	\$1,671.10	\$3,479.79
52	Travel Staff & Others	\$57,000.00	\$5,456.11	\$54,883.77	\$56,994.68
53	Training-Board Members	\$3,500.00	\$0.00	\$760.18	\$89.28
54	Training-Staff & Other	\$35,000.00	\$3,527.50	\$45,552.03	\$36,539.24
55	Library	\$14,000.00	\$1,217.00	\$14,521.76	\$16,241.33
56	Insurance-Prof Liab, Prop & Gen Liab	\$37,164.36	\$21,904.88	\$27,449.48	\$27,218.95
57	Dues & fees	\$16,500.00	\$10,481.00	\$15,670.00	\$15,538.00
58	Audit	\$15,000.00	\$0.00	\$15,000.00	\$15,000.00
59	Litigation	\$20,000.00	\$1,154.16	\$13,163.13	\$4,001.23
60	Advertising	\$4,000.00	\$18.00	\$2,705.45	\$2,700.68
61	Property Acquisition	\$15,000.00	\$4,850.00	\$2,950.00	\$0.00
62	Contract Services to Applicant to ALSP				\$42,000.00
63	Depreciation (no affect on Cash)	\$14,443.15	\$14,060.12	\$14,114.18	14,443.15
64	Other (Contract Labor& uncollected 2014Catholic Charity A/R in 2015)	\$7,170.00	\$1,655.00	\$5,139.43	\$13,090.36
65	RACE-NEA LawDay	\$0.00	\$0.00	\$3,714.12	\$4,587.45
66	TIG(Ben&Wages included above in Payroll Exp-"2014TIG Exp=\$8067")				\$1,810.00
67	SPG Bldg Loan Pmts (interest Exp)	\$24,864.00	\$1,460.00	\$8,760.00	\$9,480.00
68					
69	Total Non-Personnel Exp	\$454,140.51	\$96,930.49	\$411,589.86	\$443,135.23
70					
71	TOTAL EXPENSES	\$2,793,157.36	\$462,703.80	\$2,529,738.95	\$2,600,376.52
72					
73	Revenues over(under)Exp(excluding carryover)	(\$47,927.12)	\$24,382.78	\$160,910.75	\$151,013.26
74	Net Assets Beginning of Year (includes PROPERTY & Carryover/Reserves)	761,650.50	\$761,650.50	\$601,690.09	\$450,676.83
75	Net Assets at End of Year(includes PROPERTY&carryover/Reserves)	713,723.38	786,033.28	762,600.84	601,690.09
76	Monthly Average Expenses >>>>>>>>>>>>	\$232,763.11	\$231,351.90	\$210,811.58	\$216,698.04
77	Avr Monthly Exp in Unrestricted CarryOver(Reserves)	2.97	2.99	2.42	2.35

LEGAL AID OF ARKANSAS
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INTRODUCTION

All applications accepted for legal assistance and funded by Legal Services Corporation (LSC) annual grant awards or by other sources requiring a financial eligibility determination “means-test” must be screened for total household income and assets. Only those individuals and groups determined to be financially eligible may receive legal assistance supported with LSC funds. Applicants whose total household income and/or assets exceed the limits set forth by LSC or funding sources requiring a “means-test” can be accepted for legal assistance, but only in certain situations. These include the existence of an alternative funding source which doesn’t require a financial eligibility determination and the applicant meets specific conditions set forth by the funding source, e.g., cases funded by Area Agencies on Aging using Title III funds require the applicant to be 60 years of age or older.

INCOME

The Board of Directors of LAA reviews and adopts income eligibility guidelines for applicants. These guidelines are based on the Federal Poverty Income Guidelines, published each year in the Federal Register. Pursuant to 45 CFR §1611.3, an applicant whose total household income is at or below 125% of the guidelines, or national eligibility level, is “income-eligible” and can be provided legal assistance if other requisites for case acceptance, such as priority, case type and citizenship or legal alien status, are met. When new Income Guidelines are published in the Federal Register, they are immediately effective in determining eligibility and shall be presented to the LAA board at the next regular scheduled meeting.

Total household income is considered when determining the eligibility of an applicant for services and will include only the income of persons who are resident members of, and contribute to, the support of a family unit. Legal Aid of Arkansas, for the purpose of eligibility, defines family unit as persons who live together and have a legal obligation of support for one another; or who live together and function as though there is a legal obligation of support, such as unmarried partners. In addition, an applicant for assistance may choose to count as a member of the family unit any other person(s) residing in the same household who is claimed by a member of the family unit as a tax dependent. A temporary guest or person who has been displaced by trafficking or domestic violence will not be considered a member of a family unit.

The opposing party’s income and assets, or jointly held assets, shall not be considered for eligibility purposes, even if the opposing party would otherwise be considered a household member.

Exceptions are authorized by 45 CFR §1611.5 so long as gross income does not exceed 200% of the Federal Poverty Income Guidelines and the applicant meets the appropriate asset ceiling for the household size or the asset ceiling has been waived. However, one or more of the following factors must be present in order to consider granting a waiver:

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1. The applicant is seeking legal assistance to obtain governmental benefits for low income individuals and families;
2. The applicant is seeking legal assistance to obtain or maintain governmental benefits for persons with disabilities;
3. Current income prospects, taking into account seasonal variations in income;
4. Unreimbursed medical expenses and medical insurance premiums;
5. Fixed debts and obligations;
6. Expenses such as dependent care, transportation, clothing and equipment expenses necessary for employment, job training or educational activities in preparation for employment;
7. Non-medical expenses associated with age or disability;
8. Current taxes; or
9. Other significant factors that the recipient has determined affect the applicant's ability to afford legal assistance.

If the total household income of the applicant, based on household size, is over 200% of the national eligibility level, the applicant is not considered for a waiver and not eligible for services using LSC funds.

WAIVER OF INCOME LIMIT

The decision to grant a waiver must be made by the Executive Director or designee. The determination that a waiver has been made must be noted on the client file in the case management system and the waiver determination must be on the standard waiver form contained in the CMS, citing which factor or factors listed above was used.

WHAT IS CONSIDERED "INCOME"

The definition of income is found in 45 CFR §1611.2(i). All sources of income are to be used in determining eligibility, with these exceptions:

1. SNAP benefits
2. Housing vouchers, food or rent in lieu of wages
3. Tax refunds
4. Funds withdrawn from a bank account
5. Gifts
6. Compensation and/or one-time insurance payments for injuries sustained
7. Any other non-cash benefit
8. Up to \$2,000 per year of funds received by individual Native Americans that is derived from Indian trust income or other distributions exempt by statute.

GROUP REPRESENTATION

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LAA may provide legal assistance to a group, corporation or association, if it is primarily composed of persons eligible for legal assistance under 45 CFR Part §1611.6(A)(1); or under (A)(2) has as a principal activity the delivery of services to those persons in the community who would be financially eligible for LSC-funded legal assistance and the legal assistance sought relates to such activity, and information is provided that shows the group, corporation or association lacks, and has no practical means of obtaining, funds to retain private counsel.

DOMESTIC VIOLENCE

Notwithstanding any other provision of this policy, in assessing the income or assets of an applicant who is a victim of domestic violence, LAA shall consider only the assets and income of the applicant and members of the applicant's household other than those of the alleged perpetrator of the domestic violence and shall not include any assets held by the alleged perpetrator of the domestic violence, jointly held by the applicant with the alleged perpetrator of the domestic violence, or assets jointly held by any member of the applicant's household with the alleged perpetrator of the domestic violence.

VERIFICATION OF INCOME

In certain circumstances, the previous year's income tax returns, bank statements, etc., can be requested, if necessary to verify an applicant's total household income.

ASSETS

Consistent with 45 CFR §1611.3(d)(1) LAA has established guidelines for the determination of the total amount of assets applicants can hold seeking legal assistance and be eligible for services using LSC funding. These asset limits are subject to review on a yearly basis in conjunction with the review of income guidelines. Assets are cash or other resources of the applicant or members of the applicant's household that are readily convertible to cash, which are currently and actually available to the applicant. When setting asset limits, specific factors are taken into consideration, e.g., economy of the service area and the relative cost-of-living of low-income persons, to ensure the availability of services to those in the greatest economic and legal need. Also, special consideration shall be given to the legal needs of the elderly, the institutionalized, and the disabled.

Specific exclusions to an applicant's assets for determining eligibility include:

1. Principal residence of the applicant;
2. Reasonable equity value in work-related equipment, which is essential to the employment or self-employment of an applicant or member of the family unit, as long as the owner is attempting to produce income consistent with its fair market value;
3. The value of one automobile that is used for transportation per each adult member of the household, and one automobile that is used for transportation for each

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- minor member of the household if the automobile is used for transportation by the minor to school or work;
4. Up to \$2,000 (\$3,250 if age 60 or older or disabled) in assets for an individual and \$3,000 (\$5,000 if at least one person in the household is age 60 or older or disabled) for a household, with assets meaning cash or other resources of the applicant or members of the applicant's household that are readily convertible to cash, which are currently and actually available to the applicant;
 5. Other assets which are exempt from attachment under state and federal law.

WAIVER OF ASSETS LIMIT

In certain unusual or extremely meritorious circumstances, consistent with 45 CFR §1611.3(d)(2), the Executive Director or designee may waive the assets limit. The waiver must be documented on the client intake form and copies of the waiver determination citing the circumstances included in the determination must be kept in both the hard-copy file and in a file maintained virtually and in the HelpLine manager's office.

CHANGE IN FINANCIAL ELIGIBILITY STATUS

Consistent with 45 CFR §1611.8, if after making a determination of financial eligibility and accepting a client for service, LAA becomes aware that a client has become financially ineligible through a change in circumstances, LAA shall discontinue representation supported with LSC funds if the change in circumstances is sufficient, and is likely to continue, to enable the client to afford private legal assistance, and discontinuation is not inconsistent with applicable rules of professional responsibility. Additionally, if LAA, after making a determination of financial eligibility and accepting a client for service, determines that the client is financially ineligible on the basis of later discovered or disclosed information, LAA shall discontinue representation supported with LSC funds if the discontinuation is not inconsistent with the applicable rules of professional responsibility.

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Size of Family Unit	National Eligibility Level*	Maximum Income Level**
1	\$15,075	\$24,120
2	\$20,300	\$32,480
3	\$25,525	\$40,840
4	\$30,750	\$49,200
5	\$35,975	\$57,560
6	\$41,200	\$65,920
7	\$46,425	\$74,280
8	\$51,650	\$82,640

The figures in the column labeled **National Eligibility Level** represent 125% of the Federal Poverty Guidelines, as determined by the Department of Health and Human Services. The figures in the column labeled **Maximum Income Level** represent 200% of the Federal Poverty Guidelines. Applicants whose total household income falls below the **National Eligibility Level** are income-eligible for legal assistance. Applicants whose total household income does not exceed the **Maximum Income Level** are income-eligible for legal assistance if certain specific factors are present that would allow the income between the two levels to be waived. Under no circumstances will applicants whose total household income exceeds the **Maximum Income Level** be considered income-eligible for legal assistance using LSC funds, though assistance may be provided using alternate funds, where permitted by that funding source.

*For each additional family member, add \$5,225

**For each additional family member, add \$8,360

Each eligibility level is determined using **gross** income.



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Deliver to:

Legislative Interaction and Promoting Legal Aid, Regulations and Best Practices

Prepared by Lee Richardson, March 13, 2017

The regulations specifically prohibit the use of non-LSC funds for restricted lobbying activities, except as expressly permitted.

These restrictions apply to activities of **employees** and **board members** in their official capacities. Activities undertaken by employees or board members in their personal capacity, or in a non-program related professional capacity (i.e., a board member acting on behalf of his/her employer in the scope of his/her employment), are not covered by the restrictions.

Application of the restrictions, exclusions and exceptions is generally fact-intensive. Whether or not an activity is prohibited or permitted under these restrictions calls for careful consideration, on a case-by-case basis, of the facts involved in the activity.

We can always communicate with the members of our Congressional delegations and other relevant elected officials to educate them regarding what legal aid programs do for constituents. Further, programs can describe the problems faced by the client community and the program.

Our staff members are permitted to use their own personal time to engage in lobbying on proposals related to LSC funding or other federal program funding. However, we must be careful to ensure that no program resources are used as part of their personal advocacy efforts and staff must not identify LSC or the grantees with any of those efforts. Board members are likewise allowed to lobby in their individual capacity.

LSC restrictions regarding lobbying apply to four categories of activities:

1) Grassroots lobbying- The grassroots lobbying restriction prohibits two types of activities. The first type is communication “which ***contains a direct suggestion to the public to contact public officials*** in support of or opposition to pending or proposed legislation, regulations, executive decisions or any decision by the electorate on a measure submitted to it for a vote.”

The second type of activity that is prohibited is “*financial contributions* by recipients to, or *participation* by recipients in, any demonstration, march, rally fundraising drive, lobbying campaign, letter writing or telephone campaign for the purpose of influencing the course of [any proposed] legislation, rulemaking, decisions by executive bodies, or any decision by the electorate on a measure submitted to it for a vote.”

Grassroots lobbying “does not include communications which are *limited solely* to reporting on the content or status of, or explaining, pending legislation or regulations.” This exclusion permits communications on the content or status of legislation, and also allows an explanation of what the consequences of pending legislation or regulations may be, but we may not encourage the public to support or oppose proposed or pending legislation. Recipients may engage in communications falling within this exclusion with LSC or non-LSC funds.

2) Attempts to influence legislative, executive and administrative activity- The LSC Act provides that LSC shall “insure that no funds made available to recipients by the Corporation shall be used at any time, *directly or indirectly*, to influence the issuance, amendment, or revocation of any executive order or similar promulgation by any Federal, State, or local agency, or to undertake to influence the passage or defeat of any legislation by the Congress of the United States, or by any State or local legislative bodies, or State proposals by initiative petition.

This does not prohibit administrative representation for an eligible client in a proceeding that adjudicates the particular rights or interests of such eligible client or in negotiations directly involving that client’s

legal rights or responsibilities, including pre-litigation negotiation and negotiation in the course of litigation. We may initiate or participate in litigation challenging agency rules, regulations, guidelines or policies. We can apply for contracts and grants. We communicate with a governmental agency for the purpose of obtaining information, clarification, or interpretation of the agency's rules, regulations, practices, or policies; and inform clients, other recipients, or attorneys representing eligible clients about new or proposed statutes, executive orders, or administrative regulations. We may permit our employees to participate in bar association activities, provided that your resources are not used to support, and your program is not identified with, activities of bar associations that are devoted to activities prohibited. We can advise a client of her right to communicate directly with an elected official. Finally, we can participate in activity related to the judiciary, such as the promulgation of court rules, rules of professional responsibility and disciplinary rules.

The activity of informing clients, recipients, and attorneys representing eligible clients about new or proposed statutes, executive orders, or administrative regulations is limited to informing and educating on legal developments and does not extend to advocacy in favor of or against specific legislative, executive, or administrative outcomes. Recipients may discuss pending legislation but may not call for a specific outcome or propose action to achieve one.

It is permissible government officials or their staff about the work we do and the types of problems and challenges experienced by Legal Aid and our client community.

Activities that can be undertaken with non-LSC funds include responding to a written request from a governmental agency or official thereof, elected official, legislative body, committee to testify orally or in writing and provide information which may include analysis of or comments upon existing or proposed rules, regulations or legislation, or drafts of proposed rules, regulations or legislation.

Once a request is made, the "response to request" exception permits a recipient to offer views and recommend action on pending or proposed policy if such communications fall within the parameters of the information requested. There are two important limitations on this exception. First, a recipient may not solicit or arrange for a request to be made. Second, a recipient may make communications in response to a request only to the party or parties that made the request and to other persons or entities to the extent necessary to comply with the request.

We can engage in activities to procure funding for ourselves from state or local sources.

3) ***Support or conduct of training programs on public policies-*** We may not support or conduct training programs that advocate particular public policies; encourage or facilitate political activities, labor or anti-labor activities, boycotts, picketing, strikes or demonstrations, or the development of strategies to influence legislation or rulemaking; disseminate information about such policies or activities"; or train participants to engage in prohibited activities. The restrictions do not apply to participation in trainings at which a prohibited topic is presented along with permissible topics.

The training provisions allow "training of any attorneys or paralegals, clients, lay advocates or others involved in the representation of eligible clients necessary for preparing them to provide adequate legal assistance to eligible clients; or to provide advice to any eligible clients as to the legal rights of the client.

4) ***Organizing-*** The restrictions prohibit the use of LSC funds or private funding "to initiate the formation, or to act as an organizer, of any association, federation, labor union, coalition, network, alliance, or any similar entity." Organizing supported with non-LSC, non-private funds is permitted, so long as the organizing does not violate other the restrictions.

Further, the restriction against organizing does not apply to (1) informational meetings attended by persons engaged in the delivery of legal services at which information about new developments in the

law and pending cases or matters are discussed; (2) organizations composed exclusively of eligible clients formed for the purpose of advising a legal services program about the delivery of legal services; or (3) legal advice or assistance by recipients to eligible clients who desire to plan, establish or operate organizations.

Under no circumstances is anyone permitted, even when acting in their individual capacity, to:

1. Be involved in or urge others to be involved in any rioting or civil disturbance.
2. Participate in an activity determined by a court to be in violation of an outstanding injunction of any court of competent jurisdiction;
3. Participate in illegal activity that compromises your ability to carry out your responsibilities as an employee of a program funded by the Legal Services Corporation including compliance with applicable laws, Corporation regulations, or the rules of professional responsibility in the jurisdiction where you are located or practice law.

In addition, full time staff attorneys may not:

- a. Interfere with or affect the result of an election or nomination for office, whether partisan or nonpartisan
- b. Directly or indirectly coerce, attempt to coerce, command or advise an employee of the Corporation or of any LSC-funded program to pay, lend, or contribute anything of value to a political party, or committee, organization, agency or person for political purposes
- c. Run for partisan elective public office

You may provide legal assistance to an individual who is not eligible for LSC services if you meet **all five** of the criteria below:

1. As indicated above, you do so in your individual capacity and do not intentionally identify the program with the restricted representation.
2. You are:
 - a. Acting on behalf of yourself, a close friend, family member or another member of the recipient's staff; or
 - b. Acting on behalf of a religious, community, or charitable group; or
 - c. Participating in a voluntary pro bono or legal referral program affiliated with or sponsored by a bar association, other legal organization or religious, community or charitable group.
3. You receive authorization for the outside practice by the executive director or designee after he determines, on a case by case basis, that the representation would not negatively impact the program's and your ability to fulfill responsibilities to eligible LSC clients.
4. You do not receive compensation for the representation.
5. You do not use any program resources, equipment or space for the representation.

Social Media- if you include your position at Legal Aid in your Facebook profile, or otherwise identify yourself with the program or the program with your Facebook page, such as using the program's logo or a picture of the office showing the LSC funded program's title, then anything you post on your Facebook could be considered intentionally identifying with your program. Therefore, identifying yourself with an LSC funded program on social media requires you, in a particular post or site, to comply with LSC restrictions.

Restrictions on types of cases

These are entity restrictions, meaning we cannot engage in this work with any funding. This is different from a funds restriction. An example of a funds restriction would be we are prohibited from using LSC

funds to provide representation to a defendant in a criminal matter. There is no restriction on the use of other funds in such situations.

Welfare Reform: Programs cannot engage in litigation on behalf of groups or participate in lobbying or rulemaking involving State or Federal welfare reform initiatives, laws or regulations. However, programs can represent an individual client who is seeking relief from a welfare agency because of threatened adverse action based on a welfare reform law, regulation or policy. Legal services programs representing such individuals in cases seeking relief from welfare agencies can now raise all relevant legal issues and can challenge existing statutory law or regulations.

Prisoners: Programs cannot participate in civil litigation on behalf of a person incarcerated in a Federal, State or local prison or participate in administrative proceedings challenging the conditions of incarceration.

Aliens: Programs cannot represent undocumented aliens unless they are victims of domestic violence or human trafficking.

Class Actions: Programs cannot initiate, participate or engage in class actions.

Abortion: Programs cannot participate in any litigation with regard to abortion.

Solicitation: Programs are prohibited from representing clients as a result of in-person solicitation. However, programs can operate community legal education programs and engage in outreach activities to client groups, and may represent clients who seek assistance as a result of those activities, but may not affirmatively seek to identify particular individual participants who have specific problems on which they need assistance and advise those particular participants to seek such assistance from the program or another program.

Restrictions on assisted suicide: The Assisted Suicide Funding Restrictions Act of 1997 prohibited the use of LSC funds for any assisted suicide, euthanasia or mercy killing activities.

Drug evictions from public housing: Programs cannot represent persons convicted of, or charged with, drug crimes in public housing evictions when the evictions are based on threats to health or safety of public housing residents or employees.

Redistricting: Representation in redistricting cases is prohibited.

REFERENCE CHART—200% OF DHHS FEDERAL POVERTY GUIDELINES

Size of household	48 contiguous states and the District of Columbia	Alaska	Hawaii
1	\$21,660	\$27,060	\$24,920
2	29,140	36,420	33,520
3	36,620	45,780	42,120
4	44,100	55,140	50,720
5	51,580	64,500	59,320
6	59,060	73,860	67,920
7	66,540	83,220	76,520
8	74,020	92,580	85,120
For each additional member of the household in excess of 8, add	7,480	9,360	8,600

[74 FR 5620, Jan. 30, 2009]

PART 1612—RESTRICTIONS ON LOBBYING AND CERTAIN OTHER ACTIVITIES

- Sec.
- 1612.1 Purpose.
- 1612.2 Definitions.
- 1612.3 Prohibited legislative and administrative activities.
- 1612.4 Grassroots lobbying.
- 1612.5 Permissible activities using any funds.
- 1612.6 Permissible activities using non-LSC funds.
- 1612.7 Public demonstrations and activities.
- 1612.8 Training.
- 1612.9 Organizing.
- 1612.10 Recordkeeping and accounting for activities funded with non-LSC funds.
- 1612.11 Recipient policies and procedures.

AUTHORITY: Pub. L. 104-208, 110 Stat. 3009; Pub. L. 104-134, 110 Stat. 1321, secs. 504(a) (2), (3), (4), (5), (6), and (12), 504 (b) and (e); 42 U.S.C. 2996e(b)(5), 2996f(a) (5) and (6), 2996f(b) (4), (6) and (7), and 2996g(e).

SOURCE: 62 FR 19404, Apr. 21, 1997, unless otherwise noted.

§ 1612.1 Purpose.

The purpose of this part is to ensure that LSC recipients and their employees do not engage in certain prohibited activities, including representation before legislative bodies or other direct lobbying activity, grassroots lobbying, participation in rulemaking, public demonstrations, advocacy training, and certain organizing activities. The part also provides guidance on when recipients may participate in public rulemaking or in efforts to encourage State or local governments to make funds available to support recipient activities, and when they may respond to

requests of legislative and administrative officials.

§ 1612.2 Definitions.

(a)(1) *Grassroots lobbying* means any oral, written or electronically transmitted communication or any advertisement, telegram, letter, article, newsletter, or other printed or written matter or device which contains a direct suggestion to the public to contact public officials in support of or in opposition to pending or proposed legislation, regulations, executive decisions, or any decision by the electorate on a measure submitted to it for a vote. It also includes the provision of financial contributions by recipients to, or participation by recipients in, any demonstration, march, rally, fundraising drive, lobbying campaign, letter writing or telephone campaign for the purpose of influencing the course of such legislation, regulations, decisions by administrative bodies, or any decision by the electorate on a measure submitted to it for a vote.

(2) *Grassroots lobbying* does not include communications which are limited solely to reporting on the content or status of, or explaining, pending or proposed legislation or regulations.

(b)(1) *Legislation* means any action or proposal for action by Congress or by a State or local legislative body which is intended to prescribe law or public policy. The term includes, but is not limited to, action on bills, constitutional amendments, ratification of treaties and intergovernmental agreements, approval of appointments and budgets,

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and approval or disapproval of actions of the executive.

(2) *Legislation* does not include those actions of a legislative body which adjudicate the rights of individuals under existing laws; nor does it include legislation adopted by an Indian Tribal Council.

(c) *Public policy* means an overall plan embracing the general goals and procedures of any governmental body and pending or proposed statutes, rules, and regulations.

(d)(1) *Rulemaking* means any agency process for formulating, amending, or repealing rules, regulations or guidelines of general applicability and future effect issued by the agency pursuant to Federal, State or local rulemaking procedures, including:

(i) The customary procedures that are used by an agency to formulate and adopt proposals for the issuance, amendment or revocation of regulations or other statements of general applicability and future effect, such as negotiated rulemaking and "notice and comment" rulemaking procedures under the Federal Administrative Procedure Act or similar procedures used by State or local government agencies; and

(ii) Adjudicatory proceedings that are formal adversarial proceedings to formulate or modify an agency policy of general applicability and future effect.

(2) *Rulemaking* does not include:

(i) Administrative proceedings that produce determinations that are of particular, rather than general, applicability and affect only the private rights, benefits or interests of individuals, such as Social Security hearings, welfare fair hearings, or granting or withholding of licenses;

(ii) Communication with agency personnel for the purpose of obtaining information, clarification, or interpretation of the agency's rules, regulations, guidelines, policies or practices.

(e) *Public rulemaking* means any rulemaking proceeding or portion of such proceeding or procedure that is open to the public through notices of proposed rulemaking published in the FEDERAL REGISTER or similar State or local journals, announcements of public hearings on proposed rules or notices of

proposed rulemaking including those that are routinely sent to interested members of the public, or other similar notifications to members of the public;

(f) *Similar procedure* refers to a legislative process by which matters must be determined by a vote of the electorate.

[62 FR 19404, Apr. 21, 1997; 62 FR 22895, Apr. 28, 1997]

§ 1612.3 Prohibited legislative and administrative activities.

(a) Except as provided in §§ 1612.5 and 1612.6, recipients shall not attempt to influence:

(1) The passage or defeat of any legislation or constitutional amendment;

(2) Any initiative, or any referendum or any similar procedure of the Congress, any State legislature, any local council, or any similar governing body acting in any legislative capacity;

(3) Any provision in a legislative measure appropriating funds to, or defining or limiting the functions or authority of, the recipient or the Corporation; or,

(4) The conduct of oversight proceedings concerning the recipient or the Corporation.

(b) Except as provided in §§ 1612.5 and 1612.6, recipients shall not participate in or attempt to influence any rulemaking, or attempt to influence the issuance, amendment or revocation of any executive order.

(c) Recipients shall not use any funds to pay for any personal service, advertisement, telegram, telephone communication, letter, printed or written matter, administrative expense, or related expense associated with an activity prohibited in paragraphs (a) and (b) in this section.

§ 1612.4 Grassroots lobbying.

A recipient shall not engage in any grassroots lobbying.

§ 1612.5 Permissible activities using any funds.

(a) A recipient may provide administrative representation for an eligible client in a proceeding that adjudicates the particular rights or interests of such eligible client or in negotiations directly involving that client's legal rights or responsibilities, including

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pre-litigation negotiation and negotiation in the course of litigation.

(b) A recipient may initiate or participate in litigation challenging agency rules, regulations, guidelines or policies, unless such litigation is otherwise prohibited by law or Corporation regulations.

(c) Nothing in this part is intended to prohibit a recipient from:

(1) Applying for a governmental grant or contract;

(2) Communicating with a governmental agency for the purpose of obtaining information, clarification, or interpretation of the agency's rules, regulations, practices, or policies;

(3) Informing clients, other recipients, or attorneys representing eligible clients about new or proposed statutes, executive orders, or administrative regulations;

(4) Communicating directly or indirectly with the Corporation for any purpose including commenting upon existing or proposed Corporation rules, regulations, guidelines, instructions and policies;

(5) Permitting its employees to participate in bar association activities, provided that recipient resources are not used to support and the recipient is not identified with activities of bar associations that are devoted to activities prohibited by this part.

(6) Advising a client of the client's right to communicate directly with an elected official; or

(7) Participating in activity related to the judiciary, such as the promulgation of court rules, rules of professional responsibility and disciplinary rules.

§ 1612.6 Permissible activities using non-LSC funds.

(a) If the conditions of paragraphs (b) and (c) of this section are met, recipients and their employees may use non-LSC funds to respond to a written request from a governmental agency or official thereof, elected official, legislative body, committee, or member thereof made to the employee, or to a recipient to:

(1) Testify orally or in writing;

(2) Provide information which may include analysis of or comments upon existing or proposed rules, regulations

or legislation, or drafts of proposed rules, regulations or legislation; or

(3) Participate in negotiated rule-making under the Negotiated Rule-making Act of 1990, 5 U.S.C. 561, *et seq.*, or comparable State or local laws.

(b) Communications made in response to requests under paragraph (a) may be distributed only to the party or parties that made the request and to other persons or entities only to the extent that such distribution is required to comply with the request.

(c) No employee of the recipient shall solicit or arrange for a request from any official to testify or otherwise provide information in connection with legislation or rulemaking.

(d) Recipients shall maintain copies of all written requests received by the recipient and written responses made in response thereto and make such requests and written responses available to monitors and other representatives of the Corporation upon request.

(e) Recipients may use non-LSC funds to provide oral or written comment to an agency and its staff in a public rulemaking proceeding.

(f) Recipients may use non-LSC funds to contact or communicate with, or respond to a request from, a State or local government agency, a State or local legislative body or committee, or a member thereof, regarding funding for the recipient, including a pending or proposed legislative or agency proposal to fund such recipient.

§ 1612.7 Public demonstrations and activities.

(a) During working hours, while providing legal assistance or representation to the recipient's clients or while using recipient resources provided by the Corporation or by private entities, no person shall:

(1) Participate in any public demonstration, picketing, boycott, or strike, except as permitted by law in connection with the employee's own employment situation; or

(2) Encourage, direct, or coerce others to engage in such activities.

(b) No employee of a recipient shall at any time engage in or encourage others to engage in any:

(1) Rioting or civil disturbance;

(2) Activity determined by a court to be in violation of an outstanding injunction of any court of competent jurisdiction; or

(3) Other illegal activity that is inconsistent with an employee's responsibilities under applicable law, Corporation regulations, or the rules of professional responsibility of the jurisdiction where the recipient is located or the employee practices law.

(c) Nothing in this section shall prohibit an attorney from:

(1) Informing and advising a client about legal alternatives to litigation or the lawful conduct thereof; or

(2) Taking such action on behalf of a client as may be required by professional responsibilities or applicable law of any State or other jurisdiction.

§ 1612.8 Training.

(a) A recipient may not support or conduct training programs that:

(1) Advocate particular public policies;

(2) Encourage or facilitate political activities, labor or anti-labor activities, boycotts, picketing, strikes or demonstrations, or the development of strategies to influence legislation or rulemaking;

(3) Disseminate information about such policies or activities; or

(4) Train participants to engage in activities prohibited by the Act, other applicable law, or Corporation regulations, guidelines or instructions.

(b) Nothing in this section shall be construed to prohibit training of any attorneys or paralegals, clients, lay advocates, or others involved in the representation of eligible clients necessary for preparing them:

(1) To provide adequate legal assistance to eligible clients; or

(2) To provide advice to any eligible client as to the legal rights of the client.

§ 1612.9 Organizing.

(a) Recipients may not use funds provided by the Corporation or by private entities to initiate the formation, or to act as an organizer, of any association, federation, labor union, coalition, network, alliance, or any similar entity.

(b) This section shall not be construed to apply to:

(1) Informational meetings attended by persons engaged in the delivery of legal services at which information about new developments in law and pending cases or matters are discussed; or

(2) Organizations composed exclusively of eligible clients formed for the purpose of advising a legal services program about the delivery of legal services.

(c) Recipients and their employees may provide legal advice or assistance to eligible clients who desire to plan, establish or operate organizations, such as by preparing articles of incorporation and bylaws.

§ 1612.10 Recordkeeping and accounting for activities funded with non-LSC funds.

(a) No funds made available by the Corporation shall be used to pay for administrative overhead or related costs associated with any activity listed in §1612.6.

(b) Recipients shall maintain separate records documenting the expenditure of non-LSC funds for legislative and rulemaking activities permitted by §1612.6.

(c) Recipients shall submit semi-annual reports describing their legislative activities with non-LSC funds conducted pursuant to §1612.6, together with such supporting documentation as specified by the Corporation.

[62 FR 19404, Apr. 21, 1997; 62 FR 22895, Apr. 28, 1997]

§ 1612.11 Recipient policies and procedures.

Each recipient shall adopt written policies and procedures to guide its staff in complying with this part.

PART 1613—RESTRICTIONS ON LEGAL ASSISTANCE WITH RESPECT TO CRIMINAL PROCEEDINGS

- Sec.
- 1613.1 Purpose.
- 1613.2 Definition.
- 1613.3 Prohibition.
- 1613.4 Authorized representation.

AUTHORITY: Sec. 1007(b)(1); 42 U.S.C. 2996f(b)(1).



WHAT CAN AND CANNOT BE DONE: REPRESENTATION OF CLIENTS BY LSC-FUNDED PROGRAMS

ROBIN MUPRHY¹
NLADA
July 2016

WHAT CAN BE DONE

The LSC restrictions imposed by the FY96 appropriations legislation, modified slightly by the FY98 appropriations legislation, and incorporated in the FY99 and subsequent appropriations legislation, resulted in federal statutory and regulatory restrictions on LSC-funded entities' ability to represent low-income persons in the courts and before other forums that affect their rights and responsibilities. However, there continue to be many critically important representational activities that can still be done by LSC-funded entities, and the U.S. Supreme Court decision in *Velazquez v. LSC* restored recipients' ability to more fully represent individual clients in welfare cases.

Recipients of LSC funding can **address many systemic problems** faced by low-income persons in virtually all substantive areas. Even more critical to low-income persons, legal services can undertake advocacy in a variety of forums to expand opportunities and promote progressive social policy.

Over 95% of the work done in legal services in 1995 can continue today and over 98% of the cases brought to court in 1995 can still be brought, including:

- most evictions and federal housing cases;
- bankruptcy, collections and repossession, consumer debt, consumer fraud, warranty and utility cases;
- family law cases such as child support, domestic violence, custody, visitation, divorce/separation and paternity establishment;
- foster care, termination of parental rights and child welfare cases;
- elderly and disability advocacy;

¹ Update of Previous Guide by Alan Houseman and Linda Perle issues in 2012

- migrant and Native American cases;
- employment discrimination, wage claims and unemployment insurance;
- income maintenance and benefits cases including Medicaid, food stamps, TANF, SSI, SSA and Veterans Benefits;
- education;
- health care, including Medicare;
- juvenile cases;
- individual rights, including mental health; and
- cases for non-citizens who fall into a number of categories, for example:
 1. Lawful permanent resident aliens.
 2. Any alien who is either married to a U.S. citizen, the parent of a U.S. citizen, or an unmarried child under the age of 21 of a U.S. citizen, assuming such alien has filed an application for adjustment of status to permanent residency and such application has not been denied.
 3. Aliens granted asylum.
 4. Aliens granted refugee status.
 5. Aliens granted conditional entrant status.
 6. Aliens granted withholding of deportation.
 7. H-2A nonimmigrant temporary agricultural workers, concerning the worker's employment contract.
 8. H-2B nonimmigrant forestry workers, concerning the worker's employment contract. (Added by the Bingaman Amendment).
 9. Victims of human trafficking (Added by the Trafficking Act).
 10. Aliens who are victims (or parents of victims) of domestic violence, victims of sexual assault or certain other sexual or violent crimes, when legal assistance is directly related to the prevention of, or obtaining relief from, the violence, assault or criminal activity. (Added by VAWA reauthorization).

Note: The above list of categories of non-citizens who can be represented by LSC programs provides many examples, but is not exhaustive. When determining whether a non-citizen is eligible for representation, the regulation, 45 C.F.R. 1626, that sets out categories of noncitizens who can be represented by LSC-funded programs revised in 2014 as well as guidance from LSC should be reviewed.²

Economic development work and group representation can continue.

Subject to the provisions of the LSC regulations on group eligibility, LSC funds may be

² LSC Advisory Opinion, 2016-002, <http://www.lsc.gov/advisory-opinion-2016-002>; Program Letter 14-3, http://www.lsc.gov/sites/default/files/Grants/RIN/Grantee_Guidance/Program-Letters/ProgramLetter14-3.pdf; Program Letter 14-2, http://www.lsc.gov/sites/default/files/Grants/RIN/Grantee_Guidance/Program-Letters/Progltr14-2.pdf and 1626 Eligibility Chart, http://www.lsc.gov/sites/default/files/Grants/RIN/Grantee_Guidance/Program-Letters/1626eligibilitychart.pdf provide detailed and comprehensive information (as of July 2016) on when LSC funded programs can represent non-citizens.

used for group representation, and non-LSC funds can be used to represent any group, non-profit corporation or community development entity that does not fit within the LSC eligibility standards. Transactional activities involved in economic development are permissible.

LSC recipients can represent clients before administrative agencies in administrative proceedings that adjudicate the client's rights. LSC funded programs can provide representation to clients receiving public benefits such as TANF, Food Stamps, General Assistance, Social Security, SSI, Veterans Benefits, Unemployment Insurance, Medicaid and Medicare. LSC-funded programs can represent public benefit recipients in administrative proceedings to vindicate their individual rights. As a result of the *Velazquez* decision, programs can challenge welfare statutes and agency policies and procedures in court in cases on behalf of individual welfare recipients.

LSC-funded recipients can sue governmental entities. There is no prohibition on suing the government. Suits representing individual clients can be brought either directly or through procedures for judicial review of agency decisions. On behalf of those clients, LSC funded programs can seek injunctive and declaratory relief and sue to overturn state laws that violate federal law or the Constitution, overturn state agency regulations and policies that violate state or federal law or the Federal or State Constitution or overturn local policies on statutory or constitutional grounds.

Recipients can also work to change agency practices. Recipients can advocate with administrative officials and represent clients in efforts to change the practices of institutions and agencies so that they are more responsive to the needs of the poor, so long as such advocacy and representation is not part of a lobbying or rulemaking process. For example, recipients may seek to improve access to services for disabled persons or persons residing in isolated rural areas or institutions. Recipients can work on school reform or advocate to ensure that a job training program provides effective training to participants.

Recipients can participate in efforts to enforce laws. Recipients can participate in cooperative efforts to enforce the housing code, the Community Reinvestment Act, fair housing laws, civil rights laws and other laws enacted to protect individuals, so long as they do not engage in lobbying or rulemaking.

Recipients can undertake community legal education (CLE) programs. CLE programs can be run in various community settings such as community centers, nursing homes, housing projects, welfare offices, and hospitals. LSC funded programs can answer questions regarding individual participants' legal situations and can represent people who seek assistance from the program as a result of those activities. However, trainers/presenters may not affirmatively seek to identify particular individual participants who have specific problems on which they need assistance and advise those particular participants to seek such assistance from the recipient or another recipient. Recipients can also train clients to handle their own cases pro se and train

lay advocates to assist them.

Recipients can use non-LSC funds to lobby State or local legislative and administrative bodies with regard to state or local funding for recipients. Using non-LSC funds, recipients can affirmatively contact or communicate with, as well as respond to requests of, State or local legislative officials with regard to pending or proposed legislation affecting the funding of the recipient.

Recipients can use non-LSC funds to prepare oral or written comments in a public **rulemaking** proceeding, which includes most formal rulemaking proceedings.

Recipients can use non-LSC funds to respond to a written request for information or testimony from a government agency, legislative body or committee, or a member of such agency, body or committee, so long as the response is made only to the parties that made the request and the recipient does not arrange for the request to be made. Recipients may use non-LSC funds to respond to requests relating to federal funding for legal services as well as state and local funding.

Individual clients who are members of a class may be represented under certain circumstances. LSC recipients may represent individual clients seeking to obtain the benefit of court-ordered class relief, or seeking to withdraw from or opt out of a class identified in a class action.

Attorneys' Fees: The 2010 consolidated appropriations bill, signed into law by President Obama on December 16, 2009, eliminated the statutory restriction on claiming, collecting and retaining attorneys' fees. Effective March 15, 2010, LSC eliminated the attorneys' fee regulation (45 CFR 1642) and recipients are now permitted to make claims for attorneys' fees in any case in which they are otherwise legally permitted to make such a claim. Recipients are also permitted to collect and retain attorneys' fees whenever such fees are awarded to them. With the repeal of the restriction, recipients are permitted to claim, collect and retain attorneys' fees with respect to any work they have performed for which fees are available to them, without regard to when the legal work for which fees are claimed or awarded was performed.

WHAT CANNOT BE DONE

As a result of the 1996 restrictions, programs receiving LSC funds are subject to numerous restrictions on the types of clients they can represent and the nature of the representation that can be provided, and they are subject to certain administrative requirements. This is a summary of these restrictions and requirements based on interpretations by the Legal Services Corporation in their final regulations.

Non-LSC funds: All of a recipient's funds from whatever source (except tribal funds) **are restricted.** Recipients cannot use funds from non-LSC sources to

undertake activities that are subject to the restrictions and that cannot be done with LSC funds. However, recipients may transfer non-LSC funds to affiliated or entirely separate entities to use for representation in restricted cases.

Legislative Advocacy: Recipients are precluded from engaging in **advocacy and representation before legislative bodies on pending or proposed legislation**. However, recipients can use **non-LSC** funds to respond to a written request for information or testimony from a legislative body or committee, or a member of such body or committee, so long as the response is made only to the parties that made the request and the recipient does not arrange for the request to be made.

Administrative Advocacy: Recipients cannot represent clients or client interests before administrative agencies engaged in **rulemaking** and cannot use LSC funds to respond to requests of administrative officials with regard to rules directly affecting clients. However, recipients can use **non-LSC** funds to: (1) participate in public comment in a rulemaking proceeding, or (2) respond to a written request for information or testimony from a government agency, so long as the response is made only to the parties that made the request and the recipient does not arrange for the request to be made.

Self-help lobbying: Recipients are precluded from **all self-help lobbying before agencies or legislative bodies**, with two exceptions. Recipients can use **non-LSC** funds to affirmatively contact or communicate with **State or local** legislative or administrative officials with regard to pending or proposed agency proposals or legislation to fund the recipient. Recipients can use **non-LSC** funds respond to requests of **federal, State or local** legislative or administrative officials with regard to pending or proposed legislation or agency proposals to fund the recipient, so long as the response is made only to the parties that made the request and the recipient does not arrange for the request to be made.

Grass roots lobbying: Recipients are prohibited from participating in any **grass roots lobbying**.

Class Actions: Recipients **cannot initiate, participate or engage in class actions**, but can continue certain limited non-adversarial activities in existing class actions and can represent individuals who are members of a class in certain limited circumstances.

Welfare Reform: Recipients **cannot engage in litigation on behalf of groups or participate in lobbying or rulemaking involving State or Federal welfare reform initiatives, laws or regulations (unless they fall within the exceptions for lobbying and rulemaking outlined above)**. However, recipients can represent an individual client who is seeking relief from a welfare agency because of threatened adverse action based on a welfare reform law, regulation or policy. As a result of the Supreme Court decision in *LSC v. Velazquez*, legal services programs representing such individuals in

cases seeking relief from welfare agencies can now raise all relevant legal issues and can challenge existing statutory law or regulations.

Redistricting: Representation in **redistricting cases is prohibited**. However, representation in voting rights issues not involving redistricting is permitted.

Abortion: Recipients cannot participate in any **litigation with regard to abortion**.

Aliens: Recipients are limited in the **categories of non-citizens they can represent with any funds**. However, certain legal aliens, including lawful permanent resident aliens and, in employment related cases, H-2A, H-2B forestry workers, nonimmigrant temporary agricultural workers can be represented using both LSC and non-LSC funds. In addition, as a result of the Trafficking Act and the reauthorization of the Violence Against Women Act, recipients are now permitted to use LSC and non-LSC funds to provide legal assistance to aliens who are victims of domestic violence, trafficking or sexual assault or a variety of other violent crimes, although the legal assistance must be intended to help the victim to escape from the domestic violence, sexual assault, or other crime, to ameliorate their effects or to protect against future victimization. Note: victims that fall within the above categories do not need to provide documentation of immigration status.

Prisoners: Recipients cannot participate in **civil litigation on behalf of a person incarcerated in a Federal, State or local prison or participate in administrative proceedings challenging the conditions of incarceration**. However, there are many instances when LSC restrictions do not prevent providing representation in court debt matters and reentry services. (See NLADA Memos: GUIDANCE FOR LSC PROGRAMS RE: REENTRY GRANTS, April 2015; Guidance for LSC Programs Re: Court Debt, July 2016.)

Drug evictions from public housing: Recipients cannot represent **persons convicted of, or charged with, drug crimes in public housing evictions** when the evictions are based on threats to health or safety of public housing residents or employees.

Solicitation: **Recipients are prohibited from representing clients as a result of in-person solicitation**. However, recipients can operate community legal education programs and engage in outreach activities to client groups, and may represent clients who seek assistance as a result of those activities, but may not affirmatively seek to identify particular individual participants who have specific problems on which they need assistance and advise those particular participants to seek such assistance from the recipient or another recipient.

LSC Funded programs may mail “information” about legal rights and responsibilities or information about the recipient’s services. If the mailing contains

unsolicited advice, but the advice is not tailored to the individual receiving the mailing, then it is not a “personal letter” and is not considered solicitation under 45 C, F.R. § 1638.

Training: Recipients cannot conduct **training programs to advocate particular public policies or political activities or to train people to engage in restricted activities.**

ADMINISTRATIVE REQUIREMENTS

Timekeeping: Attorneys and paralegals must keep **contemporaneous time records** on all cases and matters.

Priorities: Recipient boards have to set **priorities** including **procedures for emergency cases**. Staff members are required to sign an agreement not to enter into cases or matters that are not within the priorities or covered by the emergency procedures. Recipients are required to report annually to LSC on emergency cases or matters that were not within the recipient's priorities.

Federal laws relating to funds: LSC funds are subject to **all federal laws affecting the expenditure of federal funds, including criminal laws on fraud and embezzlement.**

Access to records: LSC recipients are required to give LSC monitors and auditors **access to financial records, time records, retainer agreements, client trust fund and eligibility records, and client names, unless they contain information that is protected by the federal attorney client privilege**. Whenever possible, programs should maintain these documents in a manner that will protect client confidentiality.

Client identification: Except in emergency situations, recipients are required to **identify by name to the defendant any client who is a plaintiff and obtain a signed statement of facts from such plaintiff** before the recipient can file suit or engage in pre-complaint settlement negotiations on the client’s behalf. Access by adverse parties to the written statement of facts is governed by the law and discovery rules of the court in which the action is brought.

Case Disclosure: Upon request, recipients must disclose to the public and must report semi-annually to LSC certain information about each case that is filed by recipient attorneys in any court (not administrative agencies). The information includes (1) the name and address of each party to the legal action, (2) the cause of action of the case, and (3) the name and address of the court in which the case was filed and the case number assigned to the case. Recipients do not need to file name and address information when such information is protected by an order or rule of a court or by a State or Federal law or when revealing such information would put the client of the recipient at risk of physical harm. This requirement applies only where a recipient

represents a plaintiff in an action; cases where the recipients represent defendants or third parties need not be reported.

**COLLABORATION WITH OTHERS:
WHAT CAN BE DONE TO ENHANCE COLLABORATION
AND DEVELOP PARTNERSHIPS AND EFFECTIVE COORDINATION**

Recipient staff may participate in **joint task forces** operated by other recipients or by non-LSC funded entities that include advocates from non-LSC funded programs, pro bono programs or private attorneys.

Recipient staff may **coordinate services** with other entities so that LSC recipients perform only permitted services and non-LSC providers and other organizations provide restricted services.

Recipient staff may **train clients, human service organizations and community organizations** about existing laws and regulations and about pending or proposed laws or regulations.

Recipient staff may participate in associations, federations, coalitions, networks, alliances or similar entities.

Recipient staff may **participate on local governmental or private sector task forces** and collaborative initiatives.

Recipient staff may **work together** with other providers in a coordinated and collaborative manner to **ensure a full range of legal assistance** is available to low-income persons in all civil justice forums. For example:

- Providers who are restricted in the services they can provide can work with providers who are not restricted in order to ensure the availability of the full range of legal services to low-income persons.
- Legal services providers can work collaboratively with one another and the broader community to use and integrate all individuals and organizations providing civil legal assistance to low-income persons.
- Providers throughout the state can coordinate their activities to make the highest and best use of all available resources, minimize duplication of capacities and administration, and maintain organizational relationships and structures that maximize economies of scale and ensure the effective use of existing and emerging technologies.

DOMESTIC VIOLENCE WORKGROUP

The Domestic Violence workgroup focuses on helping victims escape the cycle of domestic violence that is so often repeated from generation to generation. Our workgroup consists of 10 persons: Hannah Roe in Harrison; Teresa Franklin and Andrea Walker in Jonesboro; Heather Hersh, Rachel Pisors, and Makenzie Arnold (Workgroup Leader) in Springdale; Lela Davison in West Memphis; Blane Swain in Helena; and Brittany Edwards at St. Vincent's Hospital in Little Rock. We have provided representation in hundreds of cases that include but are not limited to orders of protection, divorces, custody modifications, and guardianships.

For 2016, 47.9% of the cases closed within Legal Aid of Arkansas were that of family law. *See enclosed CSR for 2016.* We were able to provide some form of representation to 3,428 persons. Because of the overwhelming need for attorneys in family law cases, our cases must be vetted with case acceptance priorities before our group will provide assistance. Our priorities concentrate on helping clients escape domestic violence situations.

Here are just a few examples of the work our group does:

“In January, I was able to close a case, one of only 4 I've done in almost 5 years, where I represented Respondent in her order of protection in Washington County. Her ex-husband had filed against her purely retaliatory for her filing an order of protection against him, and she obtained a 90 day order as Petitioner. Had to educate the court a bit for not following the statute. I was able to get the case with client as Respondent dismissed without the entry of a final order of protection, and without a final hearing on the merits, pursuant to my motion to dismiss. Respondent also threatened to file a motion to modify the divorce decree to take custody from her since she filed the order of protection against him, but he never follow through with his threat.” – Heather Hersh

“Three weeks ago, two little girls in Northwest Arkansas panicked at the thought of returning to their father's house after a weekend with their mother. Panicked, couldn't eat...they were terrified. Mom had contacted Legal Aid and secured representation for the girls in an Order of Protection hearing, but it was not going to be easy. There was no direct evidence—only circumstantial—and lots and lots of hearsay. The difference, however, was that when I spoke with these girls one-on-one, there was NO doubt in my mind as to what had happened. As to what the girls feared happening again. And most importantly, as to what I needed to fight for on their behalf. Deflecting objection after objection, scrambling when possible over evidentiary hurdles, I am grateful to say that there was a discerning judge who was able to get through the legal complications of the case, and see the two little girls in front of him who really, REALLY, needed to be allowed to remain in a peaceful and safe home, with their mother. We walked out of the courtroom that day with a Final Order of Protection that will last until their school year concludes. Days like this make it all worth it.” – Rachel Pisors

“We received an application for legal services from a client asking us to modify the current custody arrangement which gave both parents joint custody of their 12 year old son. The boy was visiting with his father and was having flashbacks of physical and sexual abuse from

when he was 5 years old. The father had fought for several years and spent approximately \$30,000.00 in attorney's fees by the time he came to Legal Aid for assistance. Legal Aid was able to get emergency custody for the father and, after many hours of negotiation with opposing counsel, countless interviews with a counselor and attorney ad litem, and multiple motions; we were able to ensure that the child would not have to visit with his mother as she was the perpetrator of the abuse. Our client received full custody of his son and the child went from D's and F's in school to A's and B's. He is no longer having nightmares of the abuse that he suffered and stays in contact with me." – Makenzie Arnold

DIRECTOR'S REPORT

March 13, 2017

National Developments

The federal government is currently operating on a continuing resolution that funds government agencies, including the Legal Services Corporation, at current levels until the end of April. In 2016, the Senate approved an appropriations bill for 2017 giving the Legal Services Corporation \$395 million, \$10 million more than current funding. This would provide an increase of around \$35,000 to Legal Aid. The House appropriations committee approved \$350 million for LSC. If the \$350 million is approved, and the difference is split at reconciliation, then Legal Aid would receive about \$30,000 less than in 2016.

There has been no indication from the current administration regarding funding recommendations for LSC in 2017 and beyond. LSC President Jim Sandman advances three reasons to be optimistic about our future:

1. Our mission -- funding access to justice for people who cannot afford a lawyer -- is at the very core of American values. The concept of equal justice finds expression in the Mayflower Compact; in the first line of the Constitution; in the writings of Thomas Jefferson, Alexander Hamilton, and James Madison; in the closing line of our Pledge of Allegiance; and in the words of Justice Antonin Scalia at LSC's 40th Anniversary conference. We stand for a centuries-long, nonpartisan, fundamental American value to which the federal government has long been committed.
2. We have strong bipartisan support in Congress. Efforts to defund LSC have always failed, and in recent years our support in Congress has increased significantly. Members of Congress understand and appreciate the value of the services that we provide to their constituents.
3. We have broad support in other quarters -- among the Chief Justices of state Supreme Courts, among court administrators, among the business community, and throughout the legal community -- including among the leaders of large law firms and corporate General Counsel across the United States.

There are a few other points in our favor. We have a great story to tell and we are prudent stewards of hard earned taxpayer money. We are well managed and show a great return on investment. We can stack up against any other discretionary spending program and come out on top every time. Perhaps most importantly in the current political climate, LSC programs are most critical to rural areas, where there is a severe lack of attorneys or other means to access justice. Lawmakers, mostly Republicans, in these areas know this and are supporters.

I was honored to attend a hearing on Capitol Hill in early February regarding disaster Legal Services. The event, sponsored by a Republican Congressman from Iowa, allowed executive directors from New Orleans and Iowa to showcase the value of Legal Aid as a critical part of disaster response. In preparation for the Capitol Hill meeting, I attended a briefing given by Carol Bergman, the Vice President for Government Relations and Public Affairs at LSC. The main take away from that briefing is that we lose when we talk about Legal Aid as a poverty program. That does nothing to set us apart from all the other anti-poverty programs, and at times even carries a negative connotation. The message was to never, ever talk about being an anti-poverty program. Talk about access to justice. When talking to elected officials, the message is constituent services.

Statewide Developments

The Access to Justice Commission meeting scheduled for February 17, 2017 was canceled and the next meeting is not scheduled until June 2nd, so there has been no significant developments involving the Commission since our last board meeting.

The Access to Justice Foundation has met, and an emissary contacted me regarding the possibility of “holding in reserve” the special project funding we were previously scheduled to receive as part of the Bank of America settlement. With the current uncertainty regarding Federal funding, the thinking of the Foundation was that it might be prudent to keep the money in reserve. I put in a request for a “scaled down” amount of funding to implement a Fair Housing Project (see more discussion under Program Developments below). The latest word is the Foundation will release \$150,000 for special projects in 2017, approximately half of what was originally planned. Legal Aid should receive \$61,905 of this money, which will sustain the Fair Housing Project from the fall of 2017 through the summer of 2018.

I have made overtures to members of the Access to Justice Commission and Foundation regarding possible planning meetings to discuss the future of Legal Aid in Arkansas. We want to be prepared to cover all contingencies and maintain continuity and services in an ever changing funding environment. I believe the wise choice is to be proactive about addressing what the future might bring as opposed to sitting back and waiting to be reactive. Part of my communication was as follows:

CALS and Legal Aid are both in the first year of a three year LSC grant renewal. If some possible merger of programs would better serve the sustainability and growth of access to justice in Arkansas, then that should be explored with a possible plan in place by the end of the current three year cycle.

A future model might include one of the current programs becoming the LSC grantee and the other program becoming unrestricted. Perhaps the LSC program could handle domestic violence and consumer cases, and operate a statewide HelpLine, while the non-LSC program could focus on Housing and Economic Justice and doing any work that is currently hampered by restrictions. This is just one of many ideas/models that might be viable.

We have a mix of models surrounding Arkansas. Given the size of Texas, it makes sense for them to maintain three programs. Louisiana has ...retracted to two programs. Oklahoma has two statewide, one LSC and one Native American. Kansas and Nebraska each have a statewide program, as does Alabama. Kentucky, Mississippi and Tennessee maintain multiple programs, with Mississippi and Tennessee both having non-LSC Justice Centers doing significant work.

There may be no utility in contemplating a merger ...but there is certainly utility in having discussion, and trying to develop a cohesive statewide delivery plan that assures consistent services and access, and allows us to maximize our effectiveness to benefit those we serve.

Anything that happens beyond my initial overture, which could include an in person meeting to vet the viability of continuing the discussion, should include significant board involvement. I will keep the board fully apprised of any developments.

Our annual statewide legal aid provider’s conference will be held October 11-13 at the Chancellor Hotel in Fayetteville. As part of the conference and our 50th Anniversary celebration, we will hold a reception for staff, board, attendees of the Arkansas Judicial Conference, pro bono attorneys, alumni, and guest the evening of October 13th. We hope all local board members will be able to attend.

Program Developments

Legal Aid had a banner year. We ended 2016 on solid financial footing, perhaps the strongest in program history. Our local and national reputation achieved new heights. Our work has achieved systemic impact on a number of fronts, to a degree not seen in the last quarter century. Our self-inspection of cases for LSC compliance found an error rate of less than 2%, which is among our lowest ever.

We provided services to 7,152 clients in 2016, a 10.3% increase over 2015. The total number of household members benefiting from our services was 19,304 and 23% of those we served were identified as domestic violence survivors. A **case statistical report** showing cases closed by substantive type and level of service for 2016 is attached.

The first table below shows the overall percent of cases closed by substantive type, with the national average in parenthesis. The second table shows the percent of cases closed by Legal Aid work group.

Consumer/Finance	9.5% (10.3)
Education	3.4% (0.8)
Employment	3.1% (3.1)
Family	42.2% (31.9)
Juvenile	5.7% (1.9)
Health	7.5% (4.2)
Housing	12.1% (28.3)
Income Maintenance	6.6% (10.6)
Individual Rights	5.5% (2.5)
Miscellaneous	4.6% (6.4)

Consumer	16.7%
Domestic Violence	47.9%
Economic Justice	19.1%
Housing	16.2%

As of March 2, 2017 we have 1,645 cases open. Of those, 298 are assigned to pro bono attorneys, 145 are modest means, 145 MLP cases and 75 LITC with the balance being staff cases. The breakdown by substantive type is:

- 210 Consumer
- 63 Education
- 97 Employment
- 648 Family
- 100 Juvenile
- 86 Health
- 164 Housing
- 73 Income Maintenance
- 97 Individual Rights
- 107 Miscellaneous

We avoided/recovered \$7,380,615 for clients in 2016, a 79.5% increase over 2015, and by far our largest number ever. Much of this bump came from recovering \$2.27 million in the health category. This was a 2,800% increase in two years. Health was followed by consumer at \$2.25 million, tax at \$1.2 million, domestic violence at \$631 thousand, and housing at \$520 thousand.

A LSC representative, Lewis Creekmore, program counsel for Arkansas, will be making a program engagement visit to both Legal Aid and the Center for Arkansas Legal Services the week of April 17-21. He will visit our West Memphis office, MLP office at Arkansas Children’s Hospital, and our Jonesboro office. This is more of a courtesy visit as opposed to a formal visit from the Office of Program Performance or Office of Compliance and Enforcement. We should be due both those visits soon as the last OPP visit was in 2012 and OCE visit was in 2013.

Legal Aid has commenced monthly fair housing testing in an effort to be in a strong position to apply for a HUD fair housing grant in 2018. We received training from West Tennessee Legal Services in January and conducted testing in Jackson, Tennessee. We followed up with telephonic testing in February and have dedicated our annual Spring Break on the Road to Justice Project to in-person and telephonic testing in Northwest Arkansas. We will continue monthly testing through early 2018.

We sent a mass mailing the week of February 28th to all state senators, representatives, and county judges in the Legal Aid service area, as well as state constitutional officers. Our **cover letter** and enclosed information focused on how Legal Aid can provide constituent services.

As a follow up to a Federal lawsuit against the Arkansas Department of Human Services regarding how they were administering the ARChoices program, Legal Aid has filed a suit on behalf of seven clients in Pulaski County Circuit Court. In the Federal suit, the judge found that elderly and disabled Arkansans who count on the program to maintain their independence and dignity should be afforded reasonable notice and due process prior to having their benefits changed. The new Circuit Court suit seeks to stop the Department of Human Services from using a secret computer algorithm to cut Medicaid in-home services. The suit alleges that DHS hid the algorithm from public input and oversight in an act of bureaucratic lawmaking that violates the Administrative Procedures Act. After a temporary hearing held on February 3, 2017, Circuit Judge Wendell Griffen barred DHS from changing the level of in-home service provided to Legal Aid's seven clients pending a full hearing on the merits in July. DHS has since appealed the temporary order to the Supreme Court. Attached is Legal Aid's **press release** on the subject as well as several **newspaper stories**.

Case Examples

Economic Justice: Client had received a full-ride scholarship to a prestigious university. While there, she was diagnosed with lupus. That diagnosis also caused serious anxiety-related issues. Her Private Option insurance was terminated during the renewal problems of last summer, which prevented her from getting the treatment she needed for the lupus and the anxiety. Eventually, she was placed back on traditional Medicaid, but this did not cover the same doctors and services as her Private Option Medicaid. With DHS's help, we were able to get her back on the Private Option. She'll be going back to the University in the summer to continue her studies.

Housing: 85 year old client was facing foreclosure on reverse mortgage for non-payment of property charges in the amount of \$2,386.11. We contacted the firm conducting the sale, disputing the foreclosure and received a response back declining to postpone the sale. With just 17 days till the sale of the property, we reached out directly to the servicer, disputing the foreclosure and informing them they had not considered her for all loss mitigation options, including a repayment plan. The servicer contacted the client, offered her a repayment plan, she accepted and with only 24 hours till the sale of the property Legal Aid was able to confirm the sale had been cancelled and the foreclosure file has been closed. This client would surely have lost her home without Legal Aid's intervention.

Consumer: A client, a Hispanic woman, had made a deposit for surgery in the amount of \$987.27. The surgery did not go through as planned due to the client being diagnosed with cancer. The client was having difficulty getting her money back. Legal Aid first helped the client by getting information on the plan of care translated so that the client was able to understand all aspects of the proposed treatment. Legal Aid then was able to secure a refund of monies owed. Our client was given an option for treatment in Atlanta, which will be covered by insurance.

Domestic (Juvenile): The client came to Legal Aid seeking assistance to remove disabilities, get housing, and a copy of her birth certificates to attend college. Her mother and father had lost custody through a guardianship in favor of her grandmother, who had passed. She then became homeless as both of her parents had abandoned

her. The client was living on the streets. The local high school referred her Legal Aid and we were able to get her disabilities removed. Her ACT score was a 30 and she now plans on attending college to be a lab tech.

MLP: Client is autistic and exhibited severe behavior issues at school. These behavior issues continued to get worse due to the school's failure to address the autism. The client was facing expulsion when Legal Aid became involved. We were able to stop the expulsion and then three additional suspensions. We obtained a more suitable placement in a day treatment facility, getting the school to agree to transition services before moving the client out of day treatment. The school district is providing all transportation and covering all cost of the treatment. The facility has a highly rated autism program. We were able to mandate that upon re-entry into the traditional school setting that the school district obtained input from the treatment facility, client's ACH doctor, the Department of Education, and the IEP team. A specific treatment plan was in place before he was released.

Grants/Contracts/Fundraising

Since the last board meeting, we have seen the following developments not listed elsewhere in this report:

We are in the process of submitting grant applications to the United Way of the Mid-South and the United Way of Northwest Arkansas, asking for similar amounts to those received in the previous funding cycle to continue the same work.

We have partnered with the Arkansas Coalition Against Sexual Assault to request Legal Assistance for Victims funds from the Office of Violence Against Women. If successful, Legal Aid will receive funds from the Coalition on a “per case” basis, with the primary focus being providing civil legal services to survivors of sexual assault.

The University of Arkansas School of Law Student Bar Association held its annual faculty auction on March 3rd and raised more than \$12,000 for Legal Aid. This comes on the heels of raising \$10,000 in 2016 and makes almost \$70,000 donated to Legal Aid by the Student Bar in the last decade.

ARcare has chosen not to continue our Medical-Legal partnership in 2017. We received \$50,000 in 2016 from their foundation to start the partnership but they seemed to lose interest as the year progressed. The attorney who staffed this MLP is now working as a primary member of our Domestic Violence in our Newport office.

We have chosen not to pursue renewal of our State AmeriCorps grant for 2017-18. Filling the positions with qualified law graduates has become more problematic and labor intensive. While all positions at Legal Aid of Arkansas are filled, we had one position turn over twice in the first two months. Two of the four positions at the Center for Arkansas remain empty. While we get great value from the four members we currently have serving, the project stresses our infrastructure and requires a significant monetary match (\$38,000 in the current cycle) from Legal Aid. We could do a similar project internally with fewer fellows and not be burdened with grant writing, recruiting, compliance, and accounting duties.

Staff Changes

Summer McCoy, a staff attorney in the Springdale office focusing on child poverty issues, left Legal Aid at the end of the year to work as an attorney for Lindsey Management. She has been replaced by **Makenzie Arnold**, who transferred to Springdale from our Harrison office. We have hired **Hannah Roe**, a University of Arkansas School of Law graduate, to assume the staff attorney duties in Harrison. Both Ms. Roe and Ms. Arnold are in our Domestic Violence workgroup.

Giana Messore resigned as staff attorney at our Medical-Legal Partnership office at Arkansas Children's Hospital to accept a position with a men's rights law firm that has expanded into the Arkansas market.

Communications Director **Kesia Morrison** has transferred from the Jonesboro office to ACH and will assume case handling duties while retaining, for the time being, the role of Communications Director. We have added **Elizabeth Tong**, a recent University of Kansas graduate, to our staff in Jonesboro. She comes to us after working for South Dakota Kids Count as the assistant director of communications and marketing. She will initially be working part-time.

Melissa Kipersztok, our communications VISTA in the Jonesboro office, left Arkansas at the end of December and returned home to Arizona. She has continued to work for Legal Aid part-time, assisting with maintenance of the website and social media.

George Butler has joined Legal Aid as an AmeriCorps attorney focused on veteran's issue. Mr. Butler is serving in a 450 hours position through the end of September. He served as for Washington County for two decades, then as the Washington County Judge's chief of staff before recently retiring.

A current office directory and organizational chart is attached.

Non-priority, non-emergency case types- None

Pro bono service award winners for 2016 have been added to the directors report attachments.

Legal Aid of Arkansas
2016 Cases Closed

Legal Problem Code	A - Counsel and Advice	B - Limited Action (Brief Service)	F - Negotiated Settlement w/out Litigation	G - Negotiated Settlement with Litigation	H - Administrative Agency Decision	IA - Unconteste d Court Decision	IB - Contested Court Decision	IC - Appeals	L - Extensive Service	Totals
01 Bankruptcy/Debtor Relief	163	6	0	0	0	27	0	0	1	197
02 Collect/Repo/Def/Garnsh	190	56	4	10	0	11	16	0	7	294
03 Contract/Warranties	82	22	4	1	0	2	0	0	5	116
04 Collection Practices / Creditor Harassment	5	1	0	0	0	0	0	0	0	6
05 Predatory Lending Practices (Not Mortgages)	2	0	0	0	0	0	0	0	0	2
06 Loans/Installment Purchases (Not Collections)	5	1	0	0	0	0	0	0	0	6
07 Public Utilities	18	3	1	0	1	0	0	0	0	23
08 Unfair and Deceptive Sales Practices (Not Real Property)	4	1	3	0	0	0	0	0	0	8
09 Other Consumer/Finance	21	5	0	0	0	1	0	0	0	27
9.5%	490	95	12	11	1	41	16	0	13	679
12 Discipline (Including Expulsion and Suspension)	7	1	1	0	0	0	0	0	0	9
13 Special Education/Learning Disabilities	66	26	5	0	0	0	0	0	3	100
14 Access (Including Bilingual, Residency, Testing)	2	9	0	0	0	0	0	0	0	11
16 Student Financial Aid	5	2	0	0	0	0	0	0	0	7
19 Other Education	96	18	1	0	0	0	0	0	2	117
3.4%	176	56	7	0	0	0	0	0	5	244
21 Employment Discrimination	24	3	0	1	0	0	0	0	1	29
22 Wage Claims and Other FLSA Issues	10	1	0	0	0	0	0	0	0	11
23 EITC (Earned Income Tax Credit)	1	0	7	2	0	0	0	0	1	11

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24 Taxes (Not EITC)	22	12	57	8	1	0	0	0	0	100
25 Employee Rights	43	2	1	1	0	0	0	0	0	47
29 Other Employment	23	3	1	0	0	0	0	0	0	27
3.1%	123	21	66	12	1	0	0	0	2	225
30 Adoption	19	4	0	0	0	6	1	0	1	31
31 Custody/Visitation	415	16	0	8	0	4	8	0	8	459
32 Divorce/Sep./Annul.	832	38	1	24	0	173	25	0	41	1,134
33 Adult Guardianship / Conservatorship	124	11	0	1	0	49	1	0	0	186
34 Name Change	5	0	0	0	0	0	0	0	0	5
35 Parental Rights Termination	3	0	0	0	0	0	1	0	0	4
36 Paternity	18	1	0	0	0	1	1	1	1	23
37 Domestic Abuse	85	21	13	97	2	384	160	0	331	1,093
38 Support	48	3	1	0	0	2	1	0	1	56
39 Other Family	22	5	0	0	0	3	0	0	0	30
42.2%	1,571	99	15	130	2	622	198	1	383	3,021
42 Neglected/Abused/Dependent	18	0	0	0	0	0	1	0	0	19
43 Emancipation	4	0	0	0	0	0	0	0	0	4
44 Minor Guardianship / Conservatorship	253	24	0	4	0	39	12	0	7	339
49 Other Juvenile	44	0	0	0	0	0	1	0	0	45
5.7%	319	24	0	4	0	39	14	0	7	407
51 Medicaid	74	47	0	0	33	0	0	0	2	156
52 Medicare	15	3	0	0	0	0	0	0	0	18
54 Home and Community Based Care	17	0	0	0	18	0	1	1	1	38
56 Long Term Health Care Facilities	1	1	0	0	0	0	0	0	0	2

Legal Aid of Arkansas
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57 State and Local Health	50	22	0	0	222	0	1	0	3	298
59 Other Health	16	6	0	0	2	0	0	0	0	24
7.5%	173	79	0	0	275	0	2	1	6	536
61 Federally Subsidized Housing	41	8	2	0	0	1	0	0	0	52
62 Homeownership/Real Property (Not Foreclosure)	88	11	1	4	0	0	0	0	4	108
63 Private Landlord/Tenant	465	29	3	13	0	2	5	0	3	520
64 Public Housing	48	3	0	1	1	0	2	0	0	55
65 Mobile Homes	6	0	0	1	0	0	0	0	0	7
66 Housing Discrimination	10	1	0	0	0	0	0	1	1	13
67 Mortgage Foreclosures (Not Predatory Lending/Practices)	44	5	3	2	0	0	1	0	2	57
68 Mortgage Predatory Lending/Practices	1	0	0	0	0	0	0	0	0	1
69 Other Housing	45	5	0	0	0	0	0	0	0	50
12.1%	748	62	9	21	1	3	8	1	10	863
71 TANF	1	0	0	0	0	0	0	0	0	1
72 Social Security (Not SSDI)	20	1	0	0	3	0	0	0	0	24
73 Food Stamps	94	14	0	0	3	0	0	0	0	111
74 SSDI	59	5	0	0	5	0	0	0	1	70
75 SSI	190	8	0	0	18	0	0	1	1	218
76 Unemployment Compensation	32	0	0	0	1	0	0	1	0	34
77 Veterans Benefits	6	1	0	0	1	0	0	0	0	8
79 Other Income Maintenance	7	1	0	0	0	0	0	0	0	8
6.6%	409	30	0	0	31	0	0	2	2	474
81 Immigration/Naturalization	1	0	0	0	0	0	0	0	0	1
82 Mental Health	4	0	0	0	0	0	0	0	0	4
84 Disability Rights	1	1	0	0	0	0	0	0	0	2

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85 Civil Rights	4	0	0	0	0	0	1	0	0	5
89 Other Individual Rights	248	32	0	0	0	69	5	0	6	360
5.2%	258	33	0	0	0	69	6	0	6	372
91 Legal Assist. to Non-Profit Org. or Group (Incl. Incorpor./Diss.)	1	0	0	0	0	0	0	0	0	1
93 Licenses (Drivers, Occupational, and Others)	6	0	0	0	0	0	0	0	0	6
94 Torts	17	1	0	1	0	0	0	0	0	19
95 Wills and Estates	161	68	0	0	0	3	0	0	4	236
96 Advanced Directives/Powers of Attorney	15	48	0	0	0	0	0	0	0	63
99 Other Miscellaneous	3	2	0	1	0	0	0	0	0	6
4.6%	203	119	0	2	0	3	0	0	4	331
Grand Totals	4,470	618	109	180	311	777	244	5	438	7,152
	<u>62.5%</u>	<u>8.6%</u>	<u>1.5%</u>	<u>2.5%</u>	<u>4.3%</u>	<u>10.9%</u>	<u>3.4%</u>	<u>0.1%</u>	<u>6.1%</u>	

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Arkansas Children's Hospital
1 Children's Way, Slot 695
Little Rock, AR 72202-3500
501-978-6479 – Fax

Harrison
205 West Stephenson
Harrison, AR 72601

Helena-West Helena
622 Pecan
Helena, AR 72342

Jonesboro
714 South Main Street
Jonesboro, AR 72401

Newport
202 Walnut Street
Newport, AR 72112

Springdale
1200 Henryetta
Springdale, AR 72762

West Memphis
310 Mid Continent Plaza
Suite 420
West Memphis, AR 72301

[date]

[address]

Re: Constituent Services

Dear [public official],

While Arkansans are assured access to an attorney when facing criminal charges, there is no right to counsel in civil legal matters. Legal Aid of Arkansas is the largest non-profit law firm in Arkansas. For fifty years we have worked to support families; preserve homes; maintain economic stability; ensure safety, stability and health; and to identify and address the needs of vulnerable populations.

Legal Aid provided free legal assistance to over 7,200 low-income Arkansans in 2016. We provide free legal representation, advice or brief services to qualified individuals. We also make it easy for Arkansans to find free legal information and self-help resources.

Legal Aid helps Arkansans whose households have an annual income no greater than 125% of the federal poverty guidelines. In some cases, Legal Aid can accept applicants with incomes up to 200% of poverty.

Please encourage your constituents to contact us with their legal needs. They can apply for services by calling our helpline at 1-800-9LAWAID (1-800-952-9243). They can also apply online by visiting www.arlegalaid.org.

Don't hesitate to contact me if you have any questions, or would like to visit one of our offices.

Sincerely,

Lee Richardson
Executive Director
870-972-9224 ext. 6305
lrichardson@arlegalaid.org

Enclosures- Legal Aid of Arkansas Brochures
 Executive Director Business Card



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Little Rock, AR 72202-3500
501-978-6479 – Fax

Harrison
205 West Stephenson
Harrison, AR 72601
800-967-9224 – Fax

Helena-West Helena
622 Pecan
Helena, AR 72342
870-338-9834 – Fax

Jonesboro
714 South Main Street
Jonesboro, AR 72401
870-910-5562 – Fax

Newport
202 Walnut Street
Newport, AR 72112
870-523-9892 – Fax

Springdale
1200 Henryetta
Springdale, AR 72762
479-751-0002 – Fax

West Memphis
310 Mid Continent Plaza
Suite 420
West Memphis, AR 72301
870-732-6373 – Fax

LITTLE ROCK, Ark., January 27, 2017– Seven Arkansans represented by Legal Aid of Arkansas filed suit today in Pulaski County Circuit Court to stop the Department of Human Services from using a secret computer algorithm to cut Medicaid in-home services for people with disabilities such as cerebral palsy and quadriplegia. The suit alleges that DHS hid the algorithm from public input and oversight in an act of bureaucratic lawmaking that violates the Administrative Procedures Act.

The services at issue are provided through the Medicaid ARChoices program. The program exists so that low-income individuals with disabilities can receive care in their communities instead of in a nursing home that would cost the state up to six times more. Serving around 8,000 people, the program provides an in-home caregiver to help with tasks of daily living that individuals with disabilities may not be able to do independently, such as using the toilet, bathing, eating, getting dressed, preparing food, keeping the house clean, and laundry. The number of caregiving hours a recipient gets is supposed to depend on the severity of their condition. The seven plaintiffs received between 40 and 56 hours per week, the maximum.

However, once DHS replaced the discretion of a trained nurse who visited the individuals in their homes with a computer algorithm known as RUGs, clients whose medical conditions had not improved started facing big cuts. The seven plaintiffs lost an average of 43% of their services, a drop of up to 4 care hours per day. With such large cuts, the plaintiffs have had to sit in their own waste, go without meals, risk falls, and stay shut in. If the cuts are upheld, nursing homes will be in their futures.

Despite losing a federal court case for failing to give ARChoices clients proper notice about cuts, DHS continues to defend the secret RUGs system. Legal Aid of Arkansas attorneys offered three times in writing to meet with DHS officials before filing this lawsuit, but their requests were refused.

“The RUGs computer algorithm was decided on in secret by unelected DHS leaders who don’t understand the system well enough to explain how it works. It’s not responsible to trust a computer you don’t understand when someone’s life is at stake, and it’s against the law to do it without going through the right public process,” says Kevin De Liban, lead attorney on the lawsuit for Legal Aid of Arkansas.

If the suit is successful, the RUGs system will be invalid, and DHS will have to submit it for public vetting and possible rejection. As plaintiff Louella Jones says, “I did not know DHS was ever considering a new method for determining the number of hours I would get. Now that the computer algorithm has been used to reduce my hours, I want the chance to explain what the impact of the algorithm has been on me.”

All media inquiries should be directed to Kevin De Liban at (901) 834-0436.

Judge blocks changes in Arkansas plaintiffs' Medicaid

 m.arkansasonline.com/news/2017/feb/04/judge-blocks-changes-in-plaintiffs-medi/

Story by [John Lynch](#)

Saturday, February 4, 2017

Pulaski County Circuit Judge Wendell Griffen on Friday barred the state from changing the level of in-home service provided to seven disabled Medicaid recipients who are suing the Arkansas Department of Human Services.

The ban lasts only until the judge can hold a trial on their lawsuit in July. The seven, each enrolled in the ARChoices program, have sued the department over the way it changed how it determines their benefits. They say the department violated open-government laws by implementing that new method without sufficient public notice.

They've also criticized the way the agency now determines what level of service they need, saying the new method has deprived them of critical care and put their health at risk. The lawsuit asks the judge to strike down the changes and go back to the system the agency had used previously.

Emphasizing that his findings are only preliminary, Griffen said the plaintiffs had shown him sufficient evidence that the Human Services Department had not done enough to comply with the state's Administrative Procedures Act, which mandates how state agencies advertise rule changes and seek public comment before making changes.

Concluding the almost six-hour hearing, Griffen took particular note of a letter sent to ARChoices members by Craig Cloud, the director of the agency's Division of Aging and Adult Services, which oversees it.

The letter, sent a month before the new method took effect in January 2016, states that ARChoices members will "continue to receive the same services."

But it did not tell beneficiaries that the way the department decided their level of service was going to change significantly, the judge said. The Human Services Department should have disclosed a change in its client assessment that was important, Griffen said.

ARChoices has about 10,000 disabled members, all poor, many of them elderly. The program pays for an in-home caretaker who works a fixed number of hours per month, with that number of hours based on the medical needs of each client.

Those caregivers help clients with food preparation, hygiene, dressing, shopping, travel and other necessities. The agency says ARChoices costs less than institutionalized care such as nursing homes, and promotes a healthier independence for its members.

The agency now relies solely on the ARPath computer program to determine how many caregiver hours each client will receive. The ARPath program is a better way to evaluate patient needs and ensure that all ARChoices members get equal access to the appropriate level of care, department officials say. Previously caregiver hours were determined by an agency nurse who consulted ARPath.

But Griffen said the plaintiffs had shown him that their caregiver hours could be cut back so much as to put their health in danger. None of the plaintiffs appeared in court because their disabilities make traveling difficult, but one, 54-year-old Louella Jones, testified by phone from her home in Mountain Home.

Jones has cerebral palsy, multiple sclerosis and heart problems. She described for the judge how sometimes she

had to go hungry, struggle to use the toilet at times and wear soiled clothing when her caregiver hours were cut from 40 per week to 19.

That cutback, until it was reversed on appeal, forced her in-home attendant to go from working eight hours a day to two to three, Jones said.

"Due to my disabilities, my body moves slower and it's difficult to get all my daily needs in eight hours," she said.

She can walk only briefly, using crutches and braces, so Jones relies primarily on a wheelchair. She said that cut in caregiver time also put her at risk for falling.

"My main worry was if I did fall, how long would it be before someone could get to me," Jones told the judge.

Plaintiffs' attorney Kevin De Liban told the judge that the paperwork the agency published to satisfy the disclosure requirements of the Procedures Act did almost nothing to inform ARChoices members about what the agency was doing.

He said the few references to the ARPath computer program that the Human Services Department did disclose were hidden in an ocean of "bureaucratic jargon."

"You'll have to scour 248 pages for six little words. Those don't tell us there's a new system for allocating hours," he said.

Human Services Department attorney Rich Rosen argued that the department fully complied with the disclosure law. He said the changes weren't significant enough to require the Human Services Department to describe in detail.

"We don't need to publish every little detail," he said. "We don't have to get into minutia."

Metro on 02/04/2017

Lawsuit filed against DHS over 'secret computer algorithm'



Bradley Ledgerwood is one of seven plaintiffs who filed a lawsuit last week against the state Department of Human Services. The plaintiffs are asking the court to order DHS to stop using a computer algorithm called RUGs that they claim is flawed.

Jeff Bricker | The Sun

By Jeff Bricker, Sun Staff Writer, jbricker@jonesborosun.com

CASH — Bradley Ledgerwood wants people to understand that the benefits he receives from the state of Arkansas through the ARChoices program are critical to maintaining his quality of life.

"People don't realize how important this is," Ledgerwood said, noting that his benefits allow for a full-time caretaker in his home. Ledgerwood has cerebral palsy, a condition that severely limits his physical movements. He cannot perform many of the most basic physical functions of daily life with assistance. However, he doesn't let his disability slow him down.

Ledgerwood leads an active life by any standards, attending church three times a week, serving on the Cash City Council, frequently going to lunch with friends and even being an active member of a local political party. But he fears all that could end if the state continues to reduce his home health benefits.

"It gives me the ability to stay at home and being in the community," Ledgerwood said. "Having someone take me to the things I want to go to. You get better care (at home) than you do in a nursing home."

Ledgerwood is one of seven plaintiffs in a lawsuit recently brought against the State of Arkansas and the state Department of Human Services. The lawsuit, filed late Thursday by Legal Aid of Arkansas, alleges that DHS has used a "secret computer algorithm" to reduce in-home health services to many disabled Arkansans. According to the complaint filed in Pulaski County, the plaintiffs are not seeking monetary damages. Instead, they are asking the court for an injunction to prevent the continued use of the algorithm.

In addition to Ledgerwood, the other plaintiffs hail from a counties around the state including Greene, Baxter, Washington and Mississippi. All of the plaintiffs have received benefits through the ARChoices program in the past, and all are claiming to have been adversely impacted by the use of the computer algorithm. According to the complaint, each plaintiff suffers from significant disabilities and have not experienced any notable improvements to their conditions. However, in recent reassessments, DHS has reduced their home and community-based health services.

This is not the first time Legal Aid of Arkansas has taken DHS to court over the same issue. In a federal court case last year, a judge ruled against DHS for failing to give ARChoices' clients proper notification and explanation for benefit cuts. During those court proceedings, attorneys for Legal Aid used testimony from a Michigan professor who wrote the algorithm in attempts to demonstrate the flaws with DHS's application of it, also referred to as the RUGs system.

"The RUGs computer algorithm was decided on in secret by unelected DHS leaders who don't understand the system well enough to explain how it works," Kevin De Liban, the plaintiff's lead attorney, said in a statement. "It's not responsible to trust a computer you don't understand when someone's life is at stake."

Amy Webb, communications director for DHS, said Friday that she couldn't comment on the specific lawsuit filed but did offer comments on the use of the computer algorithm.

"The system we used previously was subjective, which meant that a person with a disability in Texarkana may not get the same level of services as a person with the same disability and needs in Jonesboro," Webb said in an email. "We wanted to take the subjectivity out of the system so that decisions about level of care were objective, consistent, based on science and based on real data from real Arkansans. That's what the RUG level system does."

Ledgerwood has been in the ARChoices program and its predecessor AAPD since 2002. He said his condition has only deteriorated over the years. Yet last year during a reassessment by DHS using the RUGs system, his benefit hours were nearly cut in half. Through the appeal process, and with the help of De Liban, Ledgerwood was able to get his benefits fully restored.

However with another reassessment scheduled for February, Ledgerwood and his family are concerned that DHS will attempt again to reduce his benefits. And according to the complaint filed, Ledgerwood and his family "would be forced to consider placement in a nursing facility."

"What upsets me is that what little life disabled people have, (DHS) wants to take it away," Ledgerwood said.

Plaintiffs' welfare at risk, says filing in ARPath lawsuit

 [nwaonline.com/news/2017/feb/02/plaintiffs-welfare-at-risk-says-filing/](https://www.nwaonline.com/news/2017/feb/02/plaintiffs-welfare-at-risk-says-filing/)

By John Lynch

The health of homebound Medicaid recipients is in danger unless Pulaski County Circuit Judge Wendell Griffen immediately bars Arkansas from continuing to use a computer program to decide their in-home care needs, seven of those individuals say in a new court filing.

In a request filed Tuesday, the plaintiffs asked the judge to decide by Monday whether he will force the state, at least temporarily, to revert to the way it used to determine how much in-home service each recipient was allotted. The request notes that three plaintiffs are due to have their in-home care reassessed later this month.

The plaintiffs filed a lawsuit last week against the Department of Human Services over the use of the ARPath computer program to determine how many hours of caregiver assistance the state will pay for.

The plaintiffs are a group of men and women, all poor and most elderly, who have cerebral palsy, quadriplegia, multiple sclerosis or other "profound" disabilities and are ARChoices beneficiaries.

One of them, 35-year-old Bradley Ledgerwood, is an alderman of Cash in Craighead County and a member of the county's Republican committee, the lawsuit states.

The Medicaid program pays for an in-home caregiver to work 40 to 56 hours a week to help disabled beneficiaries to live on their own.

In choosing to rely solely on ARPath, the Human Services Department violated state open-government laws by changing its operations without allowing public input, the lawsuit states.

The lawsuit seeks to permanently bar the agency from relying solely on the program to make in-home care decisions for Medicaid recipients. The suit also wants the department to restore the in-home care hours for any recipient whose hours were reduced by ARPath.

Department representatives deny that the agency has done anything wrong.

ARPath was implemented to provide a more objective review of client needs to ensure that all beneficiaries receive a consistent, medically appropriate level of care, a spokesman said when the suit was filed last week.

An agency representative did not return an email seeking comment Wednesday. Human Services Department lawyers have not yet responded to the lawsuit.

ARChoices caregivers are paid by the hour to assist clients with regular activities like taking medication, eating, bathing, dressing, cooking, traveling and shopping. The plaintiffs say the program allows them to live more independently than the alternative, some kind of institutionalization, like in a nursing home.

The agency's new ARPath calculations have resulted in cutbacks that have forced the plaintiffs to go unattended for hours, according to the lawsuit. Their caregiver hours have been reduced by an average of 43 percent, the lawsuit states.

Because they have fewer hours with a caregiver, the plaintiffs have had to occasionally go hungry, lie in their own waste, wear dirty clothes, skip bathing or miss treatments, the lawsuit states.

The decrease in care has increased the risk of falling and adversely affected the health of some beneficiaries, according to the suit.

Until moving to rely solely on ARPath in 2016, Human Services' caregiver decisions were made by a nurse who consulted the ARPath program.

Attorney Kevin De Liban, with Legal Aid of Arkansas, wants the judge to at least exempt his clients from the new assessment methodology while restoring their in-home caregiver hours to the level they had before the system was changed.

In the petition for a temporary restraining order filed Tuesday, De Liban states that his clients meet the standard for imposing such an order in that they will suffer irreparable harm if the judge does not act.

De Liban further argues that the lawsuit meets another legal benchmark that entitles the plaintiffs to a restraining order in that they are likely to prevail in the litigation.

Legal Aid of Arkansas has previously challenged the agency over how it's been using ARPath.

In response to the group's federal lawsuit, a judge in October barred the Human Services Department from reducing benefits to a 90-year-old woman with Alzheimer's disease until the agency could explain the cutback. Ethel Jacobs died the next week.

Aside from Ledgerwood, the plaintiffs in the current lawsuit are: Louella Jones, 54, and Dana Wolf, 58, of Mountain Home; Peggy Sanders, 83, and Winnie Winston, 87, of Fayetteville; Marcus Strobe, 61, of Paragould; and Michael Yarra, 54, of Osceola.

Metro on 02/02/2017

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LEGAL AID OF ARKANSAS OFFICE DIRECTORY

All Offices 870-972-9224 or 1-800-967-9224

*office point of contact

Arkansas Children's Hospital

Brandon Building		
11 Children's Way	501-364-1541 – Phone	
Little Rock, AR 72205	501-978-6479 - Fax	
Hyatt, Mary Claire	EJW Attorney	4305
Morrison, Kesia *	Staff Attorney	6306
Pritchard, Amy	Staff Attorney	4325
Raleigh, Jamie	Paralegal	4310

Harrison

205 W. Stephenson Avenue		
Harrison, AR 72601	800-967-9224 – Fax	
Roe, Hannah *	Staff Attorney	5303
Davis, Samantha	Legal Secretary	5304
Morato, Valerie	EJW Attorney	5302

Helena-West Helena

622 Pecan		
Helena, AR 72342	870-338-9834 – Fax	
Burton, Sheronda	Legal Secretary	1301
Attorney-in-Residence		1302

Jonesboro

714 S. Main St.		
Jonesboro, AR 72401	870-972-9224 – Phone	
	870-910-5562 – Fax	
Auer, Jason	Housing WG Leader	6318
Crawford, Cory	Staff Attorney	5305
Franklin, Teresa*	Regional Manager	6310
Hill, Ryan	AmeriCorps Attorney	6308
Richardson, Lee	Executive Director	6305
Shoupe, Beth	Dom. Violence Paralegal	6307
Thomas, Deedra	Intake Paralegal	6312
Thompson, Brooke	AmeriCorps Attorney	6309
Tong, Elizabeth	Communications	6315
Walker, Andrea	Deputy Director/HelpLine	6303

Modest Means Panel

Blahut, Stefanie	Modest Means Coordinator	6302
-------------------------	--------------------------	------

Newport

202 Walnut St.		
Newport, AR 72112	870-523-9892 – Fax	
Grady, Kathy	Economic Justice Paralegal	3301
Griffin, Barbara*	Staff Attorney	3303
Swain, Blane	Staff Attorney	3302

Springdale

1200 Henryetta St.		
Springdale, AR 72762	479-751-0002– Fax	
Alden, Gaylynn	Housing Paralegal	4315
Arnold, Makenzie	Domestic Violence WG Leader	5301
Bien, Molina	Marshallese Liaison	7303
Bowman, David	Fiscal Officer	4308
Butler, George	AmeriCorps Attorney	4313
Cross, Riley	Staff Attorney	4323
Galvez, Neyra	Spanish Interpreter	4317
Hersh, Heather*	Regional Manager	4312
Jamison, Heidi	Pro Bono Coordinator	4314
King, Elizabeth	Human Resources	4311
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Liguori, Jennifer	Tax Clinic Director	6304
Panos, Briana	Volunteer Recruitment VISTA	4322
Pisors, Rachel	VOCA Attorney	4306
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Ramsfield, Kris	Staff Attorney	4304
Tank, Allison	AVLE Coordinator	6301
Trzcinski, Casey	Staff Attorney	4302
Ware, Lynda	Intake Paralegal	4307

St. Vincent CHI

Edwards, Brittany	MLP Attorney	4326
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West Memphis

310 Mid-Continent Plaza		
Suite 420	870-732-6370 – Phone	
West Memphis, AR 72301	870-732-6373 – Fax	
Boateng, Lucy	AmeriCorps Attorney	2205
Davison, Lela*	Staff Attorney	2207
De Liban, Kevin	Economic Justice WG Leader	2206
Johnson, Greneda	Staff Attorney	2202
Willis, Katheenya	Legal Secretary	2201

Legal Aid of Arkansas
Organizational Chart
 March 1, 2017

Lee Richardson
Executive Director

