

SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.

Marion, Virginia

AUDITED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

December 31, 2020

With Comparative Totals for 2019

SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC
Marion, Virginia

AUDITED FINANCIAL STATEMENTS

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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Southwest Virginia Legal Aid Society, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Southwest Virginia Legal Aid Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, 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 audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Virginia Legal Aid Society, Inc. as of December 31, 2020 and 2019, 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

Other Information

Our audit was 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 audit 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 additional 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.

The additional supplementary information (Schedule 3) is presented for purposes of additional analysis and is not a required part of the financial statements. We did not audit or apply limited procedures to such information and accordingly we do not express any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2021 on our consideration of Southwest Virginia Legal Aid Society, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Southwest Virginia Legal Aid Society, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwest Virginia Legal Aid Society, Inc.'s internal control over financial reporting and compliance.

Hicok, Brown & Company

HICOK, BROWN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
April 23, 2021

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INDEPENDENT AUDITOR'S 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

To the Board of Directors of
Southwest Virginia Legal Aid Society, Inc.

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 Southwest Virginia Legal Aid Society, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 23, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southwest Virginia Legal Aid Society, Inc.'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 Southwest Virginia Legal Aid Society, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Southwest Virginia Legal Aid Society, Inc.'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.

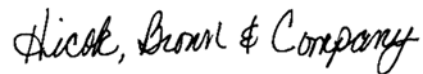
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Southwest Virginia Legal Aid Society, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



HICOK, BROWN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
April 23, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Southwest Virginia Legal Aid Society, Inc.

Report on Compliance for Each Major Federal Program

We have audited Southwest Virginia Legal Aid Society, Inc.'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 Southwest Virginia Legal Aid Society, Inc.'s major federal programs for the year ended December 31, 2020. Southwest Virginia Legal Aid Society, Inc.'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 Southwest Virginia Legal Aid Society, Inc.'s major federal programs based on our audit of the types of compliance requirements 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; and 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). 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 Southwest Virginia Legal Aid Society, Inc.'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 Southwest Virginia Legal Aid Society, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Southwest Virginia Legal Aid Society, Inc. 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, 2020.

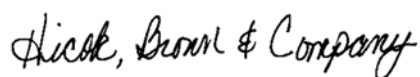
Report on Internal Control over Compliance

Management of Southwest Virginia Legal Aid Society, Inc. 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 Southwest Virginia Legal Aid Society, Inc.'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 Southwest Virginia Legal Aid Society, Inc.'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 a 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 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.



HICOK, BROWN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
April 23, 2021

Southwest Virginia Legal Aid Society, Inc.
 STATEMENTS OF FINANCIAL POSITION
 At December 31, 2020 and December 31, 2019

EXHIBIT 1

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash & cash equivalents	\$ 1,402,639	\$ 654,700
Cash in escrow - client deposits	1,262	702
Grants receivable	194,384	127,262
Payroll advance	4,307	9,919
TOTAL CURRENT ASSETS	<u>1,602,592</u>	<u>792,583</u>
LONG-TERM ASSETS:		
Property & equipment	569,142	588,272
Accumulated depreciation	(186,011)	(182,383)
TOTAL LONG-TERM ASSETS	<u>383,131</u>	<u>405,889</u>
TOTAL ASSETS	<u>\$ 1,985,723</u>	<u>\$ 1,198,472</u>
<u>LIABILITIES & NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 19,023	\$ 21,073
Client escrow deposits	1,262	702
Accrued wages	78,206	73,824
Note payable - current	-	119,124
TOTAL CURRENT LIABILITIES	<u>98,491</u>	<u>214,723</u>
LONG-TERM LIABILITIES:		
Accrued vacation pay	122,617	99,958
Note payable - net of current	-	-
TOTAL LONG-TERM LIABILITIES	<u>122,617</u>	<u>99,958</u>
TOTAL LIABILITIES	<u>221,108</u>	<u>314,681</u>
NET ASSETS:		
Without donor restrictions	<u>19,978</u>	<u>117,927</u>
With donor restrictions:		
Legal Services Corporation grant	157,629	-
Legal Services Corporation property	99,554	114,274
LSC other grants	-	56,504
Non - Legal Services Corporation	1,487,454	595,086
Total with donor restrictions	<u>1,744,637</u>	<u>765,864</u>
TOTAL NET ASSETS	<u>1,764,615</u>	<u>883,791</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 1,985,723</u>	<u>\$ 1,198,472</u>

The Notes to Financial Statements are an integral part of this statement.

Southwest Virginia Legal Aid Society, Inc.
 STATEMENTS OF ACTIVITIES
 For the year ended December 31, 2020
 with summarized totals for December 31, 2019

EXHIBIT 2
 Page 1 of 2

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS			2020 TOTAL	2019 TOTAL
		LSC	NON - LSC	TOTAL		
REVENUES:						
Grant	\$ 2,013	\$ 1,036,603	\$ 2,590,937	\$ 3,627,540	\$ 3,629,553	\$ 2,741,031
Interest income	-	206	296	502	502	4,469
In-kind	-	51,150	-	51,150	51,150	55,511
Miscellaneous	3,120	-	-	-	3,120	890
Net assets released from restrictions	2,798,959	(1,001,554)	(1,797,405)	(2,798,959)	-	-
TOTAL REVENUE AND OTHER SUPPORT	2,804,092	86,405	793,828	880,233	3,684,325	2,801,901
EXPENSES:						
LSC - General	669,849	-	-	-	669,849	786,042
LSC - Private Attorney Involvement	167,229	-	-	-	167,229	165,191
LSC - Tech Grant	55,161	-	-	-	55,161	15,948
LSC - Telework Grant	23,880	-	-	-	23,880	-
LSC - COVID Grant	85,435	-	-	-	85,435	-
LSC of VA - State Funds	533,852	-	-	-	533,852	1,006,800
LSC of VA - Other Funds	107,810	-	-	-	107,810	76,971
VPLC Navigator	-	-	-	-	-	16,171
DCJS of VA - V-STOP	15,062	-	-	-	15,062	15,062
DCJS of VA - CESF	498	-	-	-	498	19,834
DCJS of VA - VOCA	596,241	-	-	-	596,241	414,490
Combined United Way	10,623	-	-	-	10,623	7,506
Department of Justice - RURAL	30,114	-	-	-	30,114	65,485

The Notes to Financial Statements are an integral part of this statement.

Southwest Virginia Legal Aid Society, Inc.
 STATEMENTS OF ACTIVITIES
 For the year ended December 31, 2020
 with summarized totals for December 31, 2019

EXHIBIT 2
 Page 2 of 2

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS			2020 TOTAL	2019 TOTAL
		LSC	NON - LSC	TOTAL		
EXPENSES (continued):						
Conferences	3,179	-	-	-	3,179	39,138
Other funds	504,568	-	-	-	504,568	107,538
TOTAL EXPENSES	2,803,501	-	-	-	2,803,501	2,736,176
OTHER CHANGES IN NET ASSETS	(98,540)	-	98,540	98,540	-	-
TOTAL CHANGES IN NET ASSETS	(97,949)	86,405	892,368	978,773	880,824	65,725
BEGINNING NET ASSETS	117,927	170,778	595,086	765,864	883,791	818,066
ENDING NET ASSETS	<u>\$ 19,978</u>	<u>\$ 257,183</u>	<u>\$ 1,487,454</u>	<u>\$ 1,744,637</u>	<u>\$ 1,764,615</u>	<u>\$ 883,791</u>

The Notes to Financial Statements are an integral part of this statement.

Southwest Virginia Legal Aid Society, Inc.
 STATEMENTS OF FUNCTIONAL EXPENSES
 For the year ended December 31, 2020
 with summarized totals for December 31, 2019

EXHIBIT 3

	PROGRAM SERVICES	SUPPORTING SERVICES		2020 TOTAL	2019 TOTAL
		MANAGEMENT AND GENERAL	FUND- RAISING		
Compensation and related expenses:					
Personnel expenses	\$ 2,165,436	\$ 165,535	\$ 9,990	\$ 2,340,961	\$ 2,226,527
Other expenses:					
Program Expenses	144,841	-	-	144,841	123,177
Professional Fees	15,399	-	-	15,399	15,210
Supplies	36,824	2,909	131	39,864	37,101
Telephone	28,263	2,202	116	30,581	26,213
Postage & Shipping	8,177	741	60	8,978	7,741
Occupancy	68,551	4,822	290	73,663	83,735
Maintenance & Repairs	26,713	2,196	128	29,037	28,142
Equipment Rental	21,504	-	-	21,504	2,656
Conferences, Conventions & Meetings	19,338	-	-	19,338	89,528
Printing & Publications	874	-	-	874	287
Dues & Subscriptions	25,333	-	-	25,333	33,523
Miscellaneous	28,655	1,676	39	30,370	37,291
Depreciation	21,187	1,469	102	22,758	25,045
Total other expenses	445,659	16,015	866	462,540	509,649
Total expenses year ended December 31, 2020	\$ 2,611,095	\$ 181,550	\$ 10,856	\$ 2,803,501	
Total expenses year ended December 31, 2019	\$ 2,541,418	\$ 175,187	\$ 19,571		\$ 2,736,176

The Notes to Financial Statements are an integral part of this statement.

Southwest Virginia Legal Aid Society, Inc.
 STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2020
 and December 31, 2019

EXHIBIT 4

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 880,824	\$ 65,725
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,758	25,045
(Gain)/Loss on disposal of equipment	-	-
(Gain)/Loss on loan forgiveness	-	-
(Increase) Decrease in:		
Grants receivable	(67,122)	15,984
Payroll advances	5,612	3,112
Increase (Decrease) in:		
Trade accounts payable	(2,050)	(835)
Escrow deposits	560	(1,088)
Accrued wages	4,382	2,805
Accrued vacation pay	22,659	(7,177)
Net cash provided (used) by Operating Activities	<u>867,623</u>	<u>103,571</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of assets	-	-
Purchase of assets	-	-
Net cash provided (used) by Investing Activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds	-	-
Repayment of loan	(119,124)	(161,270)
Net cash provided (used) by Financing Activities	<u>(119,124)</u>	<u>(161,270)</u>
NET INCREASE (DECREASE) IN CASH	748,499	(57,699)
BEGINNING CASH AND CASH EQUIVALENTS	655,402	713,101
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 1,403,901</u>	<u>\$ 655,402</u>
<u>SUPPLEMENTAL INFORMATION</u>		
Interest paid	<u>\$ 1,566</u>	<u>\$ 10,434</u>

The Notes to Financial Statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Southwest Virginia Legal Aid Society, Inc. (SVLAS) is a nonprofit corporation organized for the purpose of providing legal assistance in noncriminal proceedings or matters to persons financially unable to afford legal assistance in Southwest Virginia.

SVLAS is funded principally through grants from the Legal Services Corporation (LSC) and Legal Services Corporation of Virginia (LSCV), which are nonprofit corporations established by federal and state governments to administer a legal assistance program. SVLAS maintains its books using fund accounting.

Basis of Accounting

SVLAS uses the accrual method of accounting for financial reporting. Under this method, revenues and expenses are reflected in the accounts in the period in which they are considered to have been earned or incurred.

Financial Statement Presentation

SVLAS's financial statements are presented in accordance with Financial Accounting Standards Board Codification 958-208 and 958-605. Net assets of SVLAS are reported based on the existence of donor or grantor-imposed restrictions. The following classifications are used to report net assets:

With donor restrictions - The part of the net assets of SVLAS resulting (a) from inflows of assets whose use by SVLAS is limited by donor- or grantor-imposed stipulations that either expires by passage of time or can be fulfilled and removed by actions of SVLAS pursuant to those stipulations or (b) from other asset enhancements and diminishments subject to the same kinds of stipulations.

Without donor restrictions - The part of net assets of SVLAS that is not restricted by donor- or grantor-imposed stipulations.

SVLAS reports grants of cash and other assets as restricted support if they are received with grantor stipulations that limit the use of the grant assets. When the grantor restriction expires—when a stipulated time restriction ends, or purpose restriction is accomplished—temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to SVLAS, the accounts of SVLAS are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established in accordance with laws and regulations or special restrictions and limitations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents consist of highly liquid short-term investments with an initial maturity of three months or less. SVLAS maintains cash accounts with several banks. All amounts on deposit are either covered with FDIC coverage or collateralized by securities.

Property and Equipment

SVLAS capitalizes property and equipment over \$5,000. Lesser amounts are expensed. SVLAS capitalizes purchased property and equipment at cost. SVLAS capitalizes donations of property and equipment as contributions at estimated fair market value. SVLAS depreciates capitalized assets using the straight-line method.

Grants and Contracts

SVLAS receives grants and contracts from state and federal agencies, as well as from private organizations, to be used for specific purposes. Any excess of cash receipts over reimbursable expenditures is included in net assets for that fund.

Donated Services and Materials

SVLAS reports gifts of land, buildings, and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. SVLAS reports gifts of long-lived assets with explicit restrictions as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, SVLAS reports expirations of donor restrictions starting in the year the asset is placed in service.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Actual results could differ.

Income Taxes

SVLAS is a non-profit corporation generally exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Also, SVLAS' unrelated business income is exempt generally under Sections 511-515 of the Internal Revenue Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Therefore, such information should be read in conjunction with SVLAS's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated as of April 23, 2021, which is the date the financial statements were available to be issued.

COVID in the Current Year and Future Years

While the COVID-19 Pandemic made our staff learn new ways to interact with clients in 2020, we continued to provide full services to clients. Those services continued in spite of our offices being closed to the public, with staff working remotely or on a distancing schedule, and with many court and other interactions being handled virtually. During 2020 the pandemic did not change or affect our adherence to internal controls. SVLAS received multiple one-time grants in response to the pandemic, as well as continued funding from its regular funding sources.

Going into 2021, SVLAS expects that its offices will remain closed to the public and staff will continue to work remotely or on a distancing schedule until the Governor or other officials lift restrictions. SVLAS does not anticipate any further one-time sources of funding related to the pandemic. SVLAS does not expect the pandemic to change or affect internal control or accounting policies.

Carryover of LSC Funds

Due to the extraordinary and compelling circumstances caused by the COVID-19 Pandemic, SVLAS received pandemic related funding that was time sensitive. SVLAS utilized this time-sensitive COVID funding first, which resulted in LSC ending net assets of \$157,629 as of December 31, 2020. SVLAS will submit a fund balance waiver request to LSC, within 30 days of completion of this audit, pursuant to 45 C.F.R. §1628 and the March 11, 2021 memo from Lori Rath, Director of the LSC Office of Compliance and Enforcement, which memo explained how recipients must comply with the LSC Excess Fund Balance Waiver Blanket Approval for CY2020.

SVLAS will use its carryover funds for the same purposes as its Basic Field Grant, but will expend these carryover funds first in 2021, before expending any 2021 Basic Funds. SVLAS will separately track these carryover funds on the general ledger and will report them separately on the 2021 financial statements. Because LSC requires recipients to report carryover funds separately by grant year, the 2020 LSC grant has been designated “2020 Basic” on Schedule 3.

Carryover of LSC of VA Funds

Due to the extraordinary and compelling circumstances caused by the COVID-19 Pandemic, and SVLAS’ receipt of pandemic related funding that was time sensitive, the SVLAS Board of Directors designated \$500,000 of LSC of VA funds for future use. This has been distinguished as its own fund column on Schedule 3. LSC of VA’s fiscal year begins July 1st and ends June 30th; undesignated ending net assets of \$513,784 will roll over for general use in SVLAS’ 2021 calendar year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contract with Customers (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. SVLAS adopted the standard on January 1, 2020. SVLAS's revenue is generated substantially all from the various grants given by government agencies to provide legal services. Those revenues fall under ASC Topic 958 and are not subject to Topic 606. Other small revenues are earned throughout the year, but due to the nature of operations and timing of revenue recognition, there were no effects of adopting Topic 606 and no cumulative adjustment was made to beginning retained earnings.

SVLAS received and fully expended a Paycheck Protection Program (“PPP”) forgivable loan in 2020. Proceeds are considered grant revenue because the loan was expended on operations and forgiven in full during 2020. Loan funds of \$419,000 were received on April 14, 2020 and fully expended as of September 29, 2020. The loan was forgiven on or around November 5, 2020. All proceeds were used for normal operations including personnel costs, rent, and utilities.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update 2016-02, Leases, which requires recognition of lease assets and lease liabilities. The ASU is effective for years beginning after December 15, 2021. It is not expected to have a significant impact on the Organization's financial statements.

In June 2018, the FASB issued Accounting Standards Update 2018-08, Not-for-Profit Entities, which clarifies whether a transfer of assets is a contribution or an exchange. SVLAS implemented this update in its financial statements for the year ended December 31, 2020. It did not have a significant impact.

NOTE 2 – PENSION PLAN

The retirement plan is a defined contribution, simplified employee pension plan under Section 403(b) of the Internal Revenue Code. Determined on an annual basis at the discretion of the Board of Directors, SVLAS may contribute a percentage of each employee's gross salary as an employer contribution. Employer matching contributions are not allowed under the Plan. All employees are eligible to participate and may make voluntary contributions up to the annual limits as described in the Summary Plan Description. Contributions to the plan by both staff and SVLAS are paid to a trustee, Mutual of American Life Insurance Company. Participants are immediately vested in their contributions and are responsible for making the investment decisions for their individual account. SVLAS contributed \$103,292 and \$94,636 for the year ended December 31, 2020 and 2019, respectively.

Southwest Virginia Legal Aid Society, Inc.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 3 – CONTRIBUTED SERVICES

Southwest Virginia Legal Aid Society Inc. recognizes donated services that meet the criteria for recognition under FASB ASC 958-205 *Accounting for Contributions Received and Contributions Made*. Contributed services during the year were from attorneys for pro bono cases. Total contributed income for services was \$51,150 and \$55,511 for the year ended December 31, 2020 and 2019, respectively.

NOTE 4 – PRIVATE ATTORNEY INVOLVEMENT

Pursuant to 45 CFR 1614.2, recipients of Legal Services Corporation (LSC) funding are required to devote at least 12.5% of their total award to the involvement of private attorneys or other professionals in the delivery of legal assistance to eligible clients (“PAI requirement”). SVLAS met this requirement in 2020 and 2019.

NOTE 5 – GRANTS RECEIVABLE

Grants receivable at December 31 consists of the following:

Grants receivable description	2020	2019
Victims of Crime Act (VOCA)	\$ 161,032	\$ 107,380
Project Connect	-	16,236
Department of Justice - Rural	30,114	-
Virginia Domestic Violence Victim Fund	-	-
Virginia Health Care Foundation	-	-
Other	3,238	3,646
Total grants receivable	\$ 194,384	\$ 127,262

NOTE 6 – PROPERTY AND EQUIPMENT

SVLAS records purchased property and equipment at cost. SVLAS records donated property at fair market value at date of donation. SVLAS depreciates capitalized assets using the straight-line method. Buildings are depreciated over 40 years. Furniture and fixtures are depreciated from 5 to 10 years.

SVLAS acquired \$0 and disposed \$19,130 in property and equipment for the year ending December 31, 2020. The disposed equipment was fully depreciated. Depreciation expense for the year ending December 31, 2020 and 2019 amounted to \$22,758 and \$25,045, respectively.

Property and equipment consist of the following, on the next page, as of December 31:

Southwest Virginia Legal Aid Society, Inc.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 6 – PROPERTY AND EQUIPMENT (CONTINUED)

Property & equipment description	2020		Total 2020	2019
	Non-LSC	LSC		
Land	\$ 35,726	\$ 117,900	\$ 153,626	\$ 48,826
Buildings	321,535	13,100	334,635	439,435
Law library	-	31,956	31,956	31,956
Furniture & fixtures	9,326	39,599	48,925	68,055
Total property & equipment	366,587	202,555	569,142	588,272
Less: accumulated depreciation	(83,010)	(103,001)	(186,011)	(182,383)
Net property & equipment	\$ 283,577	\$ 99,554	\$ 383,131	\$ 405,889

NOTE 7 – NOTE PAYABLE

Long-term debt consists of the following at December 31:

Note description	2020	2019
\$350,000 installment loan with BB&T issued 10/20/2011 for the purchase of the Marion office building. Interest is payable at 3.74%. Note amortized over 25 years. Refinanced on 10/02/2017 and paid in full in	\$ -	\$ 119,124
Less: current maturities	-	(119,124)
Total long-term debt	\$ -	\$ -

Interest expense incurred on the note payable for the year ended December 31, 2020 and 2019 was \$1,566 and \$10,434, respectively.

NOTE 8 – COMPENSATED ABSENCES

Employees of SVLAS are entitled to paid vacation, depending on length of service and other factors. The liability for compensated absences at December 31, 2020 and 2019 was \$122,617 and \$99,958, respectively.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

SVLAS meets cash needs for expenditures with grants received throughout the year. Grants are for specific programs. Some grants, such as LSC and LSCV, cover a portion of general expenditures. The Board has not imposed limits on the use of resources without donor-imposed restrictions.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

Almost all general expenditures serve grant purposes. Therefore, SVLAS considers all cash and cash equivalents as financial assets available for general expenditure within one year. Available assets were \$1,402,639 and \$654,700 in 2020 and 2019, respectively. SVLAS considers client deposits, grants receivable, and payroll advances to be restricted for specific purposes and unavailable for general expenditure.

NOTE 10 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments under FASB Codification 825-10, *Disclosures About Fair Value of Financial Instruments*, as amended by FASB Codification 820-10, are determined based on relevant market information. These estimates involve uncertainty and cannot be determined with precision. The following methods and assumptions are used to estimate the fair value of each class of financial instrument.

The carrying amounts of cash, receivables, accrued liabilities, and payables on the statement of financial position approximate fair value due to short-term nature of these items. The carrying amounts of accrued vacation and notes payable on the statement of financial position approximate fair value, which is estimated based on current market rates offered to or by SVLAS for similar instruments.

FASB Codification 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB Codification 820-10 also establishes a fair value hierarchy which requires the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- | | |
|---------|--|
| Level 1 | Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly through corroboration with observable market data. |
| Level 3 | Unobservable inputs used to measure fair value to the extent that observable inputs are not available and that are supported by little or no market activity for the asset or liability at the measurement date. |

SUPPLEMENTARY INFORMATION

Southwest Virginia Legal Aid Society, Inc.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended December 31, 2020

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number		Revenues	Expenditures	Note
Legal Services Corporation:					
Direct Payments:					
Legal Services Grant	09.447020	*	\$ 928,631	\$ 822,358	
Technology Innovation Grant	09.447020	*	(1,343)	55,161	
COVID Teleworks Grant	09.447020	*	23,880	23,880	
COVID Grant	09.447020	*	85,435	85,435	
Total Legal Services Corporation			<u>1,036,603</u>	<u>986,834</u>	
Department of Justice:					
Direct Payments:					
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance	16.589		30,114	30,114	C
Pass Through Payments:					
Violence Against Women	16.588		15,062	15,062	B(3)
Crime Victim Assistance	16.575		645,226	596,241	B(3), D
Coronavirus Emergency Supplemental Funding	16.034		498	498	
Total Department of Justice			<u>690,402</u>	<u>641,417</u>	
Department of the Treasury:					
Paycheck Protection Program Loan Forgiven	59.073		419,000	419,000	
Total			<u>\$ 2,146,503</u>	<u>\$ 2,047,749</u>	

* Denotes Major Program

Notes to the Schedule of Expenditures of Federal Awards

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Southwest Virginia Legal Aid Society, Inc. under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Southwest Virginia Legal Aid Society, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southwest Virginia Legal Aid

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) Southwest Virginia Legal Aid Society, Inc. elected to use the 10% de minimis cost rate for certain grants - Violence Against Women (V-Stop) and Crime Victim Assistance (VOCA).

NOTE C - AMOUNTS PASSED THROUGH TO SUBRECIPIENTS

Of the amount shown for this program, \$0 was passed through to subrecipients.

NOTE D - CESF FEDERAL FUNDS

Of the amount shown for Crime Victim Assistance, \$498 of revenue and \$498 of expenses were passed through from Coronavirus Emergency Supplemental Funding.

I. SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS

Type of Auditor’s report issued:	Unmodified
Internal control over financials reporting: Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified?	No
Type of auditor’s report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Section 200.516?	No
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Identification of Federal Programs:

<u>CFDA #</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
09.447020	Legal Services Grant

II. FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to report.

III. FEDERAL AWARD FINDINGS

There are no federal award findings or questioned costs to report.

IV. STATUS OF PRIOR AUDIT FINDINGS

There were no prior audit findings.

Southwest Virginia Legal Aid Society, Inc.
SCHEDULE OF ACTIVITY BY FUND
For the Year Ended December 31, 2020

	Legal Service Corp.					Legal Service Corp. of VA			
	2020 Basic	Private Attorney Involvement	Technology	Telework	COVID	State	CORE	IKEA	Designated
REVENUES:									
Grants	\$ 812,552	\$ 116,079	\$ (1,343)	\$ 23,880	\$ 85,435	\$ 1,188,604	\$ 90,000	\$ 61,022	\$ -
Interest income	206	-	-	-	-	296	-	-	-
In-kind	-	51,150	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>812,758</u>	<u>167,229</u>	<u>(1,343)</u>	<u>23,880</u>	<u>85,435</u>	<u>1,188,900</u>	<u>90,000</u>	<u>61,022</u>	<u>-</u>
EXPENSES:									
Salaries & wages	414,006	56,392	2,111	-	59,092	320,383	59,642	11,720	-
Payroll taxes	45,132	4,287	(712)	-	4,538	38,296	4,424	873	-
Fringe benefits	97,539	9,906	-	-	12,790	85,628	21,576	1,318	-
Travel & training	8,832	-	-	-	542	6,593	551	6	-
Telephone	6,296	947	-	-	1,429	7,662	1,073	171	-
Space & occupancy	40,749	2,252	-	-	-	16,573	621	59	-
Library up-keep	4,793	901	-	-	721	6,585	930	207	-
Supplies	21,279	2,864	-	23,880	6,323	23,910	2,917	540	-
Insurance	5,240	604	-	-	-	15,159	563	309	-
Professional dues	3,371	-	-	-	-	1,449	310	-	-
Professional services	6,232	89,075	53,766	-	-	9,094	-	-	-
Litigation	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Other expense	1,660	1	(4)	-	-	2,520	-	-	-
TOTAL EXPENSES	<u>655,129</u>	<u>167,229</u>	<u>55,161</u>	<u>23,880</u>	<u>85,435</u>	<u>533,852</u>	<u>92,607</u>	<u>15,203</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENSES	157,629	-	(56,504)	-	-	655,048	(2,607)	45,819	-
OTHER CHANGES IN NET ASSETS:									
Acquisition of property	-	-	-	-	-	-	-	-	-
Note payable payments	-	-	-	-	-	(20,584)	-	-	-
Transfer in (out)	-	-	-	-	-	(500,000)	-	-	500,000
NET OTHER CHANGES	-	-	-	-	-	(520,584)	-	-	500,000
TOTAL CHANGES IN NET ASSETS	157,629	-	(56,504)	-	-	134,464	(2,607)	45,819	500,000
BEGINNING NET ASSETS	-	-	56,504	-	-	379,320	(25,030)	-	-
ENDING NET ASSETS	<u>\$ 157,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513,784</u>	<u>\$ (27,637)</u>	<u>\$ 45,819</u>	<u>\$ 500,000</u>

Southwest Virginia Legal Aid Society, Inc.
SCHEDULE OF ACTIVITY BY FUND
For the Year Ended December 31, 2020

	Administration on Aging				United Way Combined	VA Dept. of Criminal Justice Services			DoJ
	District III	AASC	NRV Area on Aging	Mountain Empire Older Citizens		V-Stop	CESF	VOCA	Rural Domestic Violence
REVENUES:									
Grants	\$ 6,500	\$ 3,500	\$ 4,950	\$ 3,500	\$ 10,623	\$ 15,062	\$ 498	\$ 645,226	\$ 30,114
Interest income	-	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	6,500	3,500	4,950	3,500	10,623	15,062	498	645,226	30,114
EXPENSES:									
Salaries & wages	5,898	3,176	4,492	3,176	10,623	10,448	498	436,966	22,541
Payroll taxes	602	324	458	324	-	805	-	33,198	1,677
Fringe benefits	-	-	-	-	-	2,341	-	96,229	4,998
Travel & training	-	-	-	-	-	98	-	83	-
Telephone	-	-	-	-	-	281	-	5,927	192
Space & occupancy	-	-	-	-	-	193	-	650	54
Library up-keep	-	-	-	-	-	228	-	4,481	179
Supplies	-	-	-	-	-	667	-	15,748	474
Insurance	-	-	-	-	-	-	-	1,841	-
Professional dues	-	-	-	-	-	-	-	1,045	-
Professional services	-	-	-	-	-	-	-	73	-
Litigation	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Other expense	-	-	-	-	-	1	-	-	(1)
TOTAL EXPENSES	6,500	3,500	4,950	3,500	10,623	15,062	498	596,241	30,114
REVENUES OVER (UNDER) EXPENSES	-	-	-	-	-	-	-	48,985	-
OTHER CHANGES IN NET ASSETS:									
Acquisition of property	-	-	-	-	-	-	-	-	-
Note payable payments	-	-	-	-	-	-	-	-	-
Transfer in (out)	-	-	-	-	-	-	-	-	-
NET OTHER CHANGES	-	-	-	-	-	-	-	-	-
TOTAL CHANGES IN NET ASSETS	-	-	-	-	-	-	-	48,985	-
BEGINNING NET ASSETS	37,302	26,055	15,709	30,723	-	-	-	(64,287)	-
ENDING NET ASSETS	\$ 37,302	\$ 26,055	\$ 15,709	\$ 30,723	\$ -	\$ -	\$ -	\$ (15,302)	\$ -

Southwest Virginia Legal Aid Society, Inc.
SCHEDULE OF ACTIVITY BY FUND
For the Year Ended December 31, 2020

	Conferences								
	Black Lung	DV	Elder	Bench Bar	Project Connect	Veterans	PPP Loan	RCORP	Equal Justice
REVENUES:									
Grants	\$ -	\$ -	\$ 18,000	\$ 12,196	\$ 57,142	\$ 5,000	\$ 419,000	\$ 15,000	\$ 5,000
Interest income	-	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	18,000	12,196	57,142	5,000	419,000	15,000	5,000
EXPENSES:									
Salaries & wages	-	-	-	-	26,400	-	343,216	3,019	5,000
Payroll taxes	-	-	-	-	1,893	-	-	253	-
Fringe benefits	-	-	-	-	15,042	-	56,997	830	-
Travel & training	-	367	1,184	1,529	48	-	-	23	-
Telephone	-	-	-	-	258	-	6,292	53	-
Space & occupancy	-	-	-	-	-	-	12,495	17	-
Library up-keep	-	-	-	-	-	-	-	34	-
Supplies	-	-	-	-	1,541	-	-	112	-
Insurance	-	-	-	-	-	-	-	15	-
Professional dues	-	-	-	100	-	-	-	-	-
Professional services	-	-	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Other expense	-	-	(1)	-	-	-	-	-	-
TOTAL EXPENSES	-	367	1,183	1,629	45,182	-	419,000	4,356	5,000
REVENUES OVER (UNDER) EXPENSES	-	(367)	16,817	10,567	11,960	5,000	-	10,644	-
OTHER CHANGES IN NET ASSETS:									
Acquisition of property	-	-	-	-	-	-	-	-	-
Note payable payments	-	-	-	-	-	-	-	-	-
Transfer in (out)	-	-	-	-	-	-	-	-	-
NET OTHER CHANGES	-	-	-	-	-	-	-	-	-
TOTAL CHANGES IN NET ASSETS	-	(367)	16,817	10,567	11,960	5,000	-	10,644	-
BEGINNING NET ASSETS	5,300	14,407	880	11,676	(11,960)	2,500	-	-	-
ENDING NET ASSETS	\$ 5,300	\$ 14,040	\$ 17,697	\$ 22,243	\$ -	\$ 7,500	\$ -	\$ 10,644	\$ -

Southwest Virginia Legal Aid Society, Inc.
SCHEDULE OF ACTIVITY BY FUND
For the Year Ended December 31, 2020

	<u>Without donor restrictions</u>		<u>Property</u>		<u>Total 2020</u>	<u>Total 2019</u>
	<u>Unrestricted</u>	<u>Designated</u>	<u>Non-LSC</u>	<u>LSC</u>		
REVENUES:						
Grants	\$ 2,013	\$ -	\$ -	\$ -	\$ 3,629,553	\$ 2,741,031
Interest income	-	-	-	-	502	4,469
In-kind	-	-	-	-	51,150	55,511
Gain (loss) on disposal of assets	-	-	-	-	-	-
Miscellaneous	3,120	-	-	-	3,120	890
TOTAL REVENUES	5,133	-	-	-	3,684,325	2,801,901
EXPENSES:						
Salaries & wages	-	-	-	-	1,798,799	1,696,529
Payroll taxes	-	-	-	-	136,372	126,977
Fringe benefits	594	-	-	-	405,788	403,021
Travel & training	-	-	-	-	19,856	91,880
Telephone	-	-	-	-	30,581	26,213
Space & occupancy	-	-	-	-	73,663	83,735
Library up-keep	-	-	-	-	19,059	20,919
Supplies	1	-	-	-	100,256	75,926
Insurance	-	-	-	-	23,731	19,824
Professional dues	-	-	-	-	6,275	12,605
Professional services	2,000	-	-	-	160,240	138,387
Litigation	314	-	-	-	314	(2,071)
Depreciation	-	-	8,038	14,720	22,758	25,045
Other expense	173	1,460	-	-	5,809	17,186
TOTAL EXPENSES	3,082	1,460	8,038	14,720	2,803,501	2,736,176
REVENUES OVER (UNDER) EXPENSES	2,051	(1,460)	(8,038)	(14,720)	880,824	65,725
OTHER CHANGES IN NET ASSETS:						
Acquisition of property	-	-	-	-	-	-
Note payable payments	-	(98,540)	119,124	-	-	-
Transfer in (out)	-	-	-	-	-	-
NET OTHER CHANGES	-	(98,540)	119,124	-	-	-
TOTAL CHANGES IN NET ASSETS	2,051	(100,000)	111,086	(14,720)	880,824	65,725
BEGINNING NET ASSETS	17,927	100,000	172,491	114,274	883,791	818,066
ENDING NET ASSETS	<u>\$ 19,978</u>	<u>\$ -</u>	<u>\$ 283,577</u>	<u>\$ 99,554</u>	<u>\$ 1,764,615</u>	<u>\$ 883,791</u>