

**LEGAL AID SERVICES
OF OKLAHOMA, INC.**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

For the Year Ended December 31, 2020

LSC Grant Recipient No. 737066

LEGAL AID SERVICES OF OKLAHOMA, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplemental Information:	
Statement of Revenues and Expenses and Changes in Net Assets All Funds	17
Reports Required by <i>Governmental Auditing Standards</i> and Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance)	
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 <i>Government Auditing Standards</i>	18
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	20
Schedule of Expenditures of Federal Awards	22
Notes to the Schedule of Expenditures of Federal Awards	25
Schedule of Findings and Questioned Costs	26
Summary Schedule of Prior Audit Findings	28



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Legal Aid Services of Oklahoma, Inc.

Opinion

We have audited the accompanying financial statement of Legal Aid Services of Oklahoma, Inc., or the "Company," (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Company adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

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 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.

Report on 2019 summarized comparative information.

We have previously audited LASO's 2019 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 31, 2020. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Revenue and Expenses and Changes in Net Assets All Funds presented for purposes of additional analysis and is 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.

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 LASO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 LASO's internal control over financial reporting and compliance.

Arlidge Associates, P.C.
April 23, 2021

LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

ASSETS	2020	2019
Current assets:		
Cash and cash equivalents	\$ 3,814,528	\$ 845,053
Client Trust Cash	14,710	13,352
Grants receivable, current	1,704,692	2,207,675
Unconditional promises to give	17,537	43,457
Prepaid expenses	147,449	152,894
Total current assets	<u>5,698,916</u>	<u>3,262,431</u>
Property and equipment:		
Land	6,500	6,500
Buildings & improvements	278,032	278,032
Furniture	10,000	10,000
Equipment	24,920	24,920
Software	25,108	25,108
Less: accumulated depreciation	<u>(247,119)</u>	<u>(227,476)</u>
Property and equipment, net	<u>97,441</u>	<u>117,084</u>
Beneficial interests in community foundations	<u>1,074,401</u>	<u>973,254</u>
TOTAL ASSETS	<u>\$ 6,870,758</u>	<u>\$ 4,352,769</u>
LIABILITIES & NET ASSETS		
Current liabilities:		
Accounts payable	\$ 208,044	\$ 124,306
Other payables	91,121	33,269
Deferred revenue	1,680,540	41,118
Client trust payable	14,710	13,352
Accrued salaries and benefits	290,868	245,708
Accrued vacation	656,331	598,127
Total current liabilities	<u>2,941,614</u>	<u>1,055,880</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated	1,090,598	585,846
Net assets with donor restrictions:		
Legal Services Corporation	329,576	453,484
Non-LSC	1,434,569	1,284,305
Purpose restricted	1,011,730	915,837
Perpetual	<u>62,671</u>	<u>57,417</u>
Total net assets	<u>3,929,144</u>	<u>3,296,889</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,870,758</u>	<u>\$ 4,352,769</u>

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

LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions				2020 Totals	2019 Totals
		LSC	Non-LSC	Purpose Restricted	Perpetual		
REVENUES, GAINS, AND OTHER SUPPORT							
Government grant revenue	\$ 699,109	\$ 4,683,569	\$ 4,057,733	\$ -	\$ -	\$ 9,440,411	\$ 9,104,861
Private grant revenue	-	20,000	334,750	-	-	354,750	211,594
Contract revenue	145,563	-	1,271,968	-	-	1,417,531	1,179,803
United Way	-	-	737,735	-	-	737,735	732,891
Contributions	392,677	-	1,106,347	-	-	1,499,024	2,258,323
Attorney fee awards	-	74,265	111,841	-	-	186,106	187,593
Miscellaneous income	12,364	6,473	-	-	-	18,837	8,213
Interest income	-	2,332	-	-	-	2,332	22,386
Realized/unrealized gains	-	-	-	100,834	6,604	107,438	125,426
Donated services	346,518	-	-	-	-	346,518	368,543
Paycheck Protection Program	-	381,828	1,718,172	-	-	2,100,000	-
Total revenue and gains	1,596,231	5,168,467	9,338,546	100,834	6,604	16,210,682	14,199,633
Net assets released from restrictions							
Satisfaction of program requirements	14,480,657	(5,292,375)	(9,188,282)	(4,941)	(1,350)	(6,291)	-
Total revenues, gains and other support	16,076,888	(123,908)	150,264	95,893	5,254	16,204,391	14,199,633
EXPENSES							
Civil legal services	13,367,502	-	-	-	-	13,367,502	12,015,620
Public defender	406,376	-	-	-	-	406,376	383,389
Management and general	1,663,770	-	-	-	-	1,663,770	1,498,541
Fundraising	134,488	-	-	-	-	134,488	187,287
Total expenses	15,572,136	-	-	-	-	15,572,136	14,084,837
Change in net assets	504,752	(123,908)	150,264	95,893	5,254	632,255	114,796
Net assets beginning of year	585,846	453,484	1,284,305	915,837	57,417	3,296,889	3,182,093
NET ASSETS, END OF YEAR	<u>\$ 1,090,598</u>	<u>\$ 329,576</u>	<u>\$ 1,434,569</u>	<u>\$ 1,011,730</u>	<u>\$ 62,671</u>	<u>\$ 3,929,144</u>	<u>\$ 3,296,889</u>

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

LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	Civil Legal Services	Public Defender	Management and General	Fundraising	2020 Totals	2019 Totals
Salary	\$ 8,158,788	\$ 224,530	\$ 787,804	\$ 12,557	\$ 9,183,679	\$ 8,409,301
Fringe benefits	2,449,893	62,968	203,927	2,765	2,719,553	2,510,248
Occupancy	736,652	62,580	39,724	60	839,016	826,808
Office expense	135,136	4,841	32,123	7,833	179,933	184,384
Telephone	119,683	3,020	64,322	-	187,025	175,859
Travel	60,425	240	4,918	19	65,602	177,564
Litigation	59,281	813	150	-	60,244	51,133
Training	17,683	650	4,488	699	23,520	65,125
Library	73,810	578	4,465	1,987	80,840	74,782
Dues and fees	70,184	214	11,915	-	82,313	50,563
Insurance	22,772	-	37,442	4,918	65,132	62,287
Professional services	822,651	38,963	188,170	88,442	1,138,226	697,364
Equipment	19,414	-	92,702	-	112,116	101,907
Other	254,969	6,979	191,620	15,208	468,776	320,103
Depreciation expense	19,643	-	-	-	19,643	8,866
Donated services	346,518	-	-	-	346,518	368,543
Total expenses - 2020	<u>\$ 13,367,502</u>	<u>\$ 406,376</u>	<u>\$ 1,663,770</u>	<u>\$ 134,488</u>	<u>\$ 15,572,136</u>	
Total expenses - 2019	<u>\$ 12,015,620</u>	<u>\$ 383,389</u>	<u>\$ 1,498,541</u>	<u>\$ 187,287</u>		<u>\$ 14,084,837</u>

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

LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 632,255	\$ 114,796
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	19,643	8,866
Loss on sale of equipment	-	3,434
Valuation adjustment to beneficial interests in community foundations	(107,438)	(125,426)
Change in current assets and liabilities		
(Increase) decrease in receivables	528,903	(429,213)
(Increase) decrease in prepaid expenses	5,445	1,429
Increase (decrease) in payables	141,590	24,506
Increase (decrease) in client trust liabilities	1,358	(4,760)
Increase (decrease) in accrued salaries and benefits	45,160	30,368
Increase (decrease) in deferred revenue	1,639,422	(46,448)
Increase (decrease) in accrued vacation	58,204	9,068
	<u>2,332,287</u>	<u>(528,176)</u>
Total adjustments		
Net cash provided (used) by operating activities	2,964,542	(413,380)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	-	(24,920)
Proceeds from sale of equipment	-	1,850
Contributions to investment in community foundations	-	(7,142)
Distributions from investment in community foundations	6,291	6,418
	<u>6,291</u>	<u>6,418</u>
Net cash provided (used) by investing activities	6,291	(23,794)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>2,970,833</u>	<u>(437,174)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>858,405</u>	<u>1,295,579</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,829,238</u>	<u>\$ 858,405</u>

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

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Legal Aid Services of Oklahoma, Inc. (“LASO”) is a nonprofit corporation organized for the purpose of providing quality legal services in non-criminal proceedings and other matters to eligible low income and elderly people within the State of Oklahoma. The project is funded by a Legal Services Corporation (“LSC”) grant, Victims of Crime Act (“VOCA”) grant, and various other grants and contracts as may be awarded during the year. LASO also conducts fundraising activities to support its mission.

Basis of Accounting - The financial statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America, utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Financial Statement Presentation - The financial statements include certain prior year summarized comparative information in total but not by net asset class and without 2019 disclosures. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with LASO’s financial statements for the year ended December 31, 2019, from which summarized information was derived.

Restriction on Assets - Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of LASO and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Consists of amounts that are available for use in carrying out the supporting activities of LASO and are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of LASO and/or the passage of time, or are maintained in perpetuity by LASO. When the donor-imposed stipulation ends or LASO satisfies an action, LASO reclassifies net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents consist of demand deposits and money market funds.

Concentrations and Risks – Financial instruments, which potentially subject LASO to credit risk, consist primarily of cash, equivalents, and receivables. LASO maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits.

LASO receives a substantial amount of its support from LSC, VOCA, and federal, state and local governments and agencies. A significant reduction in the level of this support, if this were to occur, may have an effect on LASO's programs and activities. Management is not aware of any actions that would adversely affect the amount of funds LASO will receive in the next fiscal year.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contributions Revenue - Contributions, including pledges, are recognized as revenue or gain in accordance with ASU 2018-08 (See "Implementation of New Accounting Guidance")

Beneficial Interest in Community Foundations – LASO reports its beneficial interest in community foundations at fair value. Gains and losses on the beneficial interest in community foundations are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations. Donor restricted income in the beneficial interest in community foundations is reported as an increase or decrease to net assets with donor restrictions.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Legal Services Corporation Grant - LASO recognizes revenue from LSC grants on a straight-line basis over the grant period. Based on the application of ASU-2018-08 (see "Implementation of New Accounting Guidance"), beginning with the 2020 grant, funds remaining unexpended at the end of an accounting period are recorded in deferred revenue. These balances are subject to the provisions of LSC's Fund Balance Regulation. Under this regulation, LASO is not permitted to maintain net assets in excess of 10% of their annualized LSC support. Under certain conditions, a waiver of this policy, up to a maximum of 25% of LASO's annualized grant amount, or above 25% of LASO's annualized grant amount when there are extraordinary and compelling circumstances, may be obtained from LSC. In the absence of a waiver, any net asset amount in excess of 10% of LSC support is required to be repaid to LSC in a lump sum payment or by pro rata deductions from LASO's grant checks over a period specified by LSC.

In the instance that LASO is not in compliance with the LSC grant requirements, LSC may, at its sole discretion, require LASO to return all current year expended and unexpended LSC funds. In addition, if LASO terminates its LSC grant activities, all unexpended funds are required to be refunded to LSC.

LSC excess fund balances are as shown below:

Annualized Grants	\$ 5,327,440
Interest	2,332
Other	<u>74,265</u>
Total LSC Support	\$ <u>5,404,037</u>
10% Allowed Retaining Without Need for a Waiver	\$ <u>540,404</u>
Actual Fund Balance End of Year	\$ <u>1,689,935</u>

Excess fund balances exceed 25 percent of total LSC support as of December 31, 2020. LSC advised all grantees on March 11, 2021 that all recipients with a December 31, 2020 fiscal year end will be allowed to carry over an excess LSC fund balance for that fiscal year, regardless of the amount.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Other Grants - A portion of LASO's support is provided by cost reimbursable grants. Funds from these grants are recognized as support in accordance with ASU 2018-08 (See "Implementation of New Accounting Guidance"). A receivable is recognized to the extent support earned exceeds cash advances. Conversely, a liability (deferred revenue) is recorded when contract cash advances exceed support earned and the grant is determined to be conditional.

Grants and Other Receivables – Due to the nature of the receivables being primarily government grants, LASO considers them to be fully collectible; accordingly, no allowance for doubtful accounts is required. LASO maintains an allowance for uncollectible pledges for estimated losses resulting from the inability of donors to fulfill pledges. This estimate is based on historical collection and write-off experience. At December 31, 2020, all pledges are considered collectible. All grants and contributions are anticipated to be collected in 2021.

Property and Equipment - Property and equipment acquired with LSC funds are considered to be owned by LASO while used in the program or in future authorized programs. However, LSC maintains a reversionary interest in these assets and has the right to determine the use of any proceeds from the sale of assets purchased with LSC funds.

Property and equipment in excess of \$5,000 are carried at cost. Depreciation and amortization are computed on a straight-line basis over the estimated lives of the assets, generally using a three to seven-year life for personal property and a twenty-five to thirty-year life for real property. When property and equipment is sold or retired, the cost of the asset and related accumulated depreciation is removed from the accounts and the resulting gains or losses is recognized as revenue or expenses.

Additions and improvements that extend the useful lives of the assets are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

Capitalized Software and Software Development Costs - Computer software and software development costs incurred in connection with developing or obtaining computer software for internal use are capitalized when both the preliminary project stage is completed, and it is probable that the software will be used as intended. Capitalized costs include external direct costs utilized in developing or obtaining computer software and website development. Capitalized software costs are amortized on a straight-line basis when placed in service over the estimated useful lives of the software, which approximates 5-years. Capitalized software costs at December 31, 2020 totals \$16,739.

Allocation of Expenses - Certain common expenses are incurred which benefit more than one grant. Salary expenses are allocated to the grants primarily based on the relationship of advocates' time devoted to cases, which qualify under the criteria of each grant. Common expenses are distributed based on advocate salary costs.

Donated Services - Donated services primarily represent the estimated value of services rendered to LASO by attorneys at no charge or a reduced charge. The value of donated services is based upon the estimated average standard fee charged less any fee actually paid to the attorneys rendering the services. Donated services are recognized both as support and expenses. Non-specialized services have not been recognized as support and expense.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes and Uncertain Tax Positions - LASO qualifies as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is subject to a tax on income from any unrelated business, as defined by Section 509(a)(1) of the Code. LASO currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

LASO has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations by taxing authorities. LASO has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates.

LASO believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on LASO's financial condition, results of operations, or cash flows. Accordingly, LASO has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2020.

Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, LASO has no open examinations with the Internal Revenue Service or the Oklahoma Tax Commission.

Implementation of New Account Guidance – In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. LASO adopted ASU 2018-08 effective January 1, 2020 using the modified prospective method.

The impact of the implementation of ASU 2018-08 was the determination that LSC’s Basic Field Grants, as well as other LSC grants, are conditional based on barriers included in the grant agreements. As a result, LASO has recorded deferred revenue of \$1,678,921 related to the LSC grants as of December 31, 2020, which represents the balance of conditional grant receipts that have not been spent to satisfy the underlying barriers in the grant agreements.

LASO has recorded \$1,619 of deferred revenues related to non-LSC grants.

Future Accounting Guidance – In February 2016, the FASB issued ASU No. 2016-02, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, practical expedients are available. LASO has not yet determined the potential effects of the new standard on the financial statements, if any.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

2. BENEFICIAL INTERESTS IN COMMUNITY FOUNDATIONS

Beneficial interest in community foundations at December 31, 2020 consist exclusively of balances held by the Tulsa Community Foundation and the Oklahoma City Community Foundation (collectively referred to as the “Foundations”).

LASO follows the provisions in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605-25-21 to 33, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*.

In accordance with FASB ASC 958-605-25-21 to 33, the portions of the funds contributed by LASO and held by the Foundations are considered reciprocal transfers, because LASO is also a beneficiary of the funds. As a result, LASO has recorded its separate fund held by the Tulsa Community Foundation (“TCF”) and its portion of the investment pool of the Oklahoma City Community Foundation (“OCCF”) as assets in its December 31, 2020 statement of financial position.

The Foundations have variance power assuring donors that if the charitable purpose of their contribution becomes impractical or impossible, the distributions will be directed to similar purposes in the community. Therefore, the portions of the funds held by the Foundations on behalf of LASO contributed by unrelated third-party donors is included in the net assets of the Foundations and are not reflected in the accompanying financial statements.

LASO’s interests held by the Foundations are classified as net assets with donor restrictions in the accompanying financial statements. LASO’s interest in OCCF generally may not be redeemed and is subject to a set distribution rate. LASO’s interest in TCF provides LASO with more control over distribution type and size but is still restricted by the donor for a specific use.

Activity related to the Tulsa Community Foundation for the year ended December 31, 2020 is as follows:

	Reciprocal Balances	Third Party Balances	Totals
Balance at December 31, 2019	\$ 915,837	\$ 153,791	\$ 1,069,628
Contributions	-	-	-
Distributions	(4,941)	(953)	(5,894)
Gains (losses) on investments and administrative fees	100,834	22,361	123,195
Balance at December 31, 2020	\$ 1,011,730	\$ 175,199	\$ 1,186,929

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

2. BENEFICIAL INTERESTS IN COMMUNITY FOUNDATIONS (Cont'd)

Activity related to the Oklahoma City Community Foundation for the year ended December 31, 2020 is as follows:

	Reciprocal Balances	Third Party Balances	Totals
Balance at December 31, 2019	\$ 57,417	\$ 124,946	\$ 182,363
Contributions	-	1,300	1,300
Distributions	(1,350)	(5,598)	(6,948)
Gains (losses) on investments and administrative fees	6,604	14,374	20,978
Balance at December 31, 2020	\$ 62,671	\$ 135,022	\$ 197,693

3. CLIENT DEPOSITS

LASO is the custodian of funds deposited by clients for court costs and other related expenses. Such amounts totaled \$14,710 at December 31, 2020.

4. FAIR VALUE MEASUREMENTS

Various inputs may be used to determine the value of an asset or liability. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value the asset or liability are not necessarily an indication of the risk associated with those assets or liabilities.

The fair value hierarchy is as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Significant other observable inputs including quoted prices for similar assets or liabilities in active markets, quoted prices for similar assets and other observable inputs.

Level 3: Significant unobservable inputs including the funds own assumptions used to determine the fair value of the assets or liabilities.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

4. FAIR VALUE MEASUREMENTS (Cont'd)

The following table summarizes LASO's financial assets measured at fair value on a recurring basis as of December 31, 2020, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Total fair value	Level 1	Level 2	Level 3
Tulsa Community Foundation	\$ 1,011,730	\$ 1,011,730	\$ -	\$ -
Oklahoma City Foundation	62,671	-	-	62,671
Total Beneficial Assets	\$ 1,074,401	\$ 1,011,730	\$ -	\$ 62,671

The beneficial interest in assets held at the Oklahoma City Community Foundation (the "Foundation") of \$62,671 as of December 31, 2020 reported as beneficial interest in community foundations in the accompanying statement of financial position, has been valued as a practical expedient, at the fair value of LASO's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting.

The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized and are considered Level 3 measurements. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. A reconciliation of the activities for these Level 3 financial instruments is included in Note 2.

5. LEASES

LASO has lease agreements for equipment and office facilities which are classified as operating leases for accounting purposes. Except for the equipment lease and one facility lease, the leases contain cancellation clauses in the event funding is substantially decreased or terminated. Rent expense incurred for leases during 2020 was \$741,961. Future minimum lease payments of noncancelable leases are as follows:

<u>December 31,</u>	
2021	\$ 343,238
2022	408,076
2023	149,140
2024	63,959
2025	16,062
	<u>\$ 980,475</u>

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

6. LIQUIDITY AND AVAILABILITY

LASO receives significant grants and contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. LASO manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurances that long-term obligations will be discharged. LASO works to achieve a year-end balance of reserves including net assets without donor restrictions and undesignated net assets to meet two to three months of expenses. To achieve these targets, LASO forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the year ended December 31, 2020, the level of liquidity and reserves was managed with the policy requirements.

The following table provides information about LASO's liquidity:

Total financial assets		\$	6,625,868
Less donor-imposed restrictions:			
Perpetual in nature	62,671		
Purpose restricted			
Community Foundation	1,011,730		
Other non-LSC	<u>1,434,569</u>		
			2,508,970
Net financial assets after donor-imposed restrictions			4,116,898
Less internal designations			<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year		\$	<u>4,116,898</u>

7. CONTINGENT LIABILITIES

LASO participates in a number of federal and state assisted programs. These programs are audited in accordance with *Government Auditing Standards* and Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as applicable, in accordance with the required levels of Federal Financial assistance. Audits of prior years have not resulted in any significant disallowed costs. Additionally, the grant programs are subject to audits by the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of the funds. Management believes that any liability for reimbursement which may arise as the result of audits of grant funds would not be material.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

8. PENSION PLAN

LASO has a 401(a) defined contribution pension plan covering all full-time and part-time employees who work 18 hours or more per week. LASO contributes 4% of each participant's qualified compensation to the plan. Participants become fully vested in the plan after three years. Contributions to the plan by LASO were \$347,417 for 2020.

9. PRIVATE ATTORNEY INVOLVEMENT

For 2020, LASO was required to devote an amount equal to at least \$499,242 (12.5% of basic field grant of \$3,993,938) to the involvement of private attorneys. This requirement was met.

10. PAYCHECK PROTECTION PROGRAM

LASO received a \$2,100,000 loan under the Paycheck Protection Program ("PPP"), administered by the Small Business Administration ("SBA") and established by the Coronavirus Aid, Relief and Economic Security ("CARES") Act. The application for the PPP Loan requires LASO to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of LASO. LASO believes it has met these requirements.

LASO has determined the loan should be accounted for under ASC 958-605 of the accounting standards. LASO's analysis of its incurred expenses indicates that sufficient qualifying costs and expenses necessary to qualify for forgiveness have been incurred. As a result, LASO has recorded \$2,100,000 as grant revenue during the year ended December 31, 2020. As of the date of this letter, LASO are unaware of any facts or circumstances that may result in the loan forgiveness being challenged by the lender and/or the SBA.

11. SUBSEQUENT EVENTS

LASO applied for forgiveness on December 30, 2020, the lender accepted the forgiveness documents and sent the application to the Small Business Administration on January 26, 2021, and LASO provided a response to a supplemental questionnaire for loans exceeding \$2 million on April 6, 2021.

SUPPLEMENTAL INFORMATION

LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS ALL FUNDS
 For the Year Ended December 31, 2020
 (With Comparative Totals for the Year Ended December 31, 2019)

	LSC Basic Non Private Attorney	LSC Migrant Grant- Non Private Attorney	LSC Covid	LSC TIG 16054- Non Private Attorney	LSC TIG 16055- Non Private Attorney	LSC Midwest Disaster Coordination- Non Private Attorney	LSC Disaster Response Non Private Attorney	LSC Basic Private Attorney	LSC Migrant Grant Private Attorney	LSC Covid Private Attorney	LSC TIG 16055- Private Attorney	LSC Midwest Disaster Coordination- Private Attorney	LSC Property	Total LSC Grants	Non LSC Private Attorney	Non LSC Non Private Attorney	2020 Totals	2019 Totals
SUPPORT AND REVENUE																		
Government grant revenue	\$ 3,785,984	\$ -	\$ 440,771	\$ -	\$ 44,870	\$ 109,437	\$ 113,334	\$ 204,744	\$ 585	\$ 7,516	\$ 516	\$ 43	\$ (24,231)	\$ 4,683,569	\$ 699,109	\$ 4,051,442	\$ 9,434,120	\$ 9,104,861
Private grant revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	354,750	354,750	211,594
Contract revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,417,531	1,417,531	1,179,803
United Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	737,735	737,735	732,891
Contributions	15,000	-	5,000	-	-	-	-	-	-	-	-	-	-	20,000	-	1,479,024	1,499,024	2,258,323
Attorney fee awards	74,265	-	-	-	-	-	-	-	-	-	-	-	-	74,265	-	111,841	186,106	187,593
Miscellaneous income	6,473	-	-	-	-	-	-	-	-	-	-	-	-	6,473	-	12,364	18,837	8,213
Interest income	2,332	-	-	-	-	-	-	-	-	-	-	-	2,332	-	-	-	2,332	22,386
Realized/unrealized gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	107,438	107,438	125,426
Donated services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	346,518	-	346,518	368,543
Paycheck Protection Program	375,792	-	-	42	5,994	-	-	-	-	-	-	-	-	381,828	-	1,718,172	2,100,000	-
Total support and revenue	4,259,846	-	445,771	42	50,864	109,437	113,334	204,744	585	7,516	516	43	(24,231)	5,168,467	1,045,627	9,990,297	16,204,391	14,199,633
EXPENSES																		
Salaries	2,198,517	59,920	264,030	194	11,748	27,871	77,757	134,693	456	3,017	342	34	-	2,778,579	122,075	6,283,025	9,183,679	8,409,301
Fringe benefits	648,374	19,713	74,806	73	3,364	7,037	24,148	37,622	120	863	99	9	-	816,228	35,980	1,867,345	2,719,553	2,510,248
Occupancy	223,806	5,681	21,230	69	1,834	298	1,417	6,350	-	219	49	-	-	260,953	14,966	563,097	839,016	826,808
Office expense	39,302	1,085	7,046	7	582	36	294	909	-	50	5	-	-	49,316	2,954	127,663	179,933	184,384
Telephone	34,741	1,047	3,473	9	248	29	341	984	-	73	8	-	-	40,953	3,238	142,834	187,025	175,859
Travel	10,609	597	1,383	-	-	1,219	1,160	1,436	-	-	-	-	-	16,404	58	49,198	65,602	177,564
Litigation	11,639	1,030	1,689	11	13	8	239	361	-	17	-	-	-	14,996	941	44,307	60,244	51,133
Training	4,735	-	-	-	-	497	(497)	-	-	-	-	-	-	4,735	-	58	18,727	23,520
Library	19,376	468	2,068	11	234	25	157	711	-	17	9	-	-	23,076	1,485	56,279	80,840	74,782
Dues and fees	53,700	-	3	-	-	-	-	-	-	-	-	-	-	53,703	-	28,610	82,313	50,563
Insurance	16	1	-	-	-	-	-	-	-	-	-	-	-	17	-	65,115	65,132	62,287
Professional services	39,334	-	775	-	2,688	71,510	-	7,390	9	2,783	-	-	-	124,489	429,241	584,496	1,138,226	697,364
Equipment	14,106	186	451	-	29	27	156	-	-	14	-	-	-	14,969	722	96,425	112,116	101,907
Other	435,813	1,298	4,172	(321)	20,047	23	1,112	407	-	12	4	-	-	462,567	10,771	(4,562)	468,776	320,103
Depreciation expense	1,327	-	-	-	8,369	-	-	-	-	-	-	-	3,210	12,906	-	6,737	19,643	8,866
Donated services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	346,518	-	346,518	368,543
Application line	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative support	518,228	11,664	64,645	-	1,708	884	7,179	13,725	-	451	-	-	-	618,484	26,462	(644,946)	-	-
Total expenses	4,253,623	102,690	445,771	42	50,864	109,437	113,334	204,744	585	7,516	516	43	3,210	5,292,375	995,411	9,284,350	15,572,136	14,084,837
Change in net assets	6,223	(102,690)	-	-	-	-	-	-	-	-	-	-	(27,441)	(123,908)	50,216	705,947	632,255	114,796
Net assets - beginning of year	(6,223)	432,266	-	-	-	-	-	-	-	-	-	-	27,441	453,484	-	2,843,405	3,296,889	3,182,093
NET ASSETS - END OF YEAR	\$ -	\$ 329,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 329,576	\$ 50,216	\$ 3,549,352	\$ 3,929,144	\$ 3,296,889



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
Legal Aid Services of Oklahoma, 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 Legal Aid Services of Oklahoma, Inc. (a nonprofit organization) ("LASO"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 23, 2021. Our report includes a paragraph related to a change in accounting principle.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LASO'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 LASO's internal control. Accordingly, we do not express an opinion on the effectiveness of LASO'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 LASO'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 LASO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LASO's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arledge & Associates, P.C.
April 23, 2021



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

To the Board of Directors
Legal Aid Services of Oklahoma, Inc.

Report on Compliance for Each Major Federal Program

We have audited Legal Aid Services of Oklahoma, Inc.'s ("LASO") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the LSC Audit Guide and Compliance Supplement that could have a direct and material effect on each of LASO's major federal programs for the year ended December 31, 2020. LASO'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 LASO'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) and the LSC Audit Guide and Compliance Supplement. Those standards and the Uniform Guidance and the LSC Audit Guide and Compliance Supplement 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 LASO'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 LASO's compliance.

Opinion on Each Major Federal Program

In our opinion, LASO 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 LASO 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 LASO'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 LASO'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 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 and the LSC Audit Guide and Compliance Supplement. Accordingly, this report is not suitable for any other purpose.

Arlidge & Associates, P.C.

April 23, 2021

Legal Aid Services of Oklahoma, Inc.
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD	Federal Support Recognized	Federal Program Expenditures
<i>U.S. Department of Health and Human Services</i>				
<i>Center for Medicare and Medicaid Services</i>				
Cooperative Agreement to Support Navigators in Federally Facilitated and State Partnership Marketplaces	93.332	8/30/19 to 8/29/21	\$ 313,740	\$ 318,177
<i>Total Center for Medicare and Medicaid Services</i>			<u>313,740</u>	<u>318,177</u>
<i>Passed Through State of Oklahoma Oklahoma Department of Human Services and Area Agencies on Aging</i>				
Special Programs for the Aging - Title III				
Part B-Grants for Supportive and Senior Citizens				
Areawide Agency on Aging	93.044	7/1/19 to 6/30/20 7/1/20 to 6/30/21	17,463 53,418	17,463 53,418
Association of South Central Oklahoma Governments	93.044	7/1/19 to 6/30/20 7/1/20 to 6/30/21	6,943 13,672	6,943 13,672
Central Oklahoma Economic Development District	93.044	7/1/19 to 6/30/20 7/1/20 to 6/30/21	4,426 7,165	4,426 7,165
Eastern Oklahoma Development District	93.044	7/1/19 to 6/30/20 7/1/20 to 6/30/21	23,093 24,113	23,093 24,113
Grand Gateway Economic Development Association	93.044	7/1/19 to 6/30/20 7/1/20 to 6/30/21	19,046 21,228	19,046 21,228
Kiamichi Economic Development District of Oklahoma	93.044	7/1/19 to 6/30/20 7/1/20 to 6/30/21	9,019 8,611	9,019 8,611
Long Term Care Authority of Enid	93.044	7/1/19 to 6/30/20 7/1/20 to 6/30/21	9,177 4,149	9,177 4,149
Southern Oklahoma Development Association	93.044	7/1/19 to 6/30/20 7/1/20 to 6/30/21	6,808 3,159	6,808 3,159

Legal Aid Services of Oklahoma, Inc.
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD	Federal Support Recognized	Federal Program Expenditures
Southwestern Oklahoma Development Authority	93.044	7/1/19 to 6/30/20 7/1/20 to 6/30/21	15,037 20,002	15,037 20,002
Indian Nations Council of Governments	93.044	7/1/19 to 6/30/20 7/1/20 to 6/30/21	16,286 24,275	16,286 24,275
Total Special Programs for the Aging - Tittle III:			307,091	307,091
Eastern Oklahoma Development District	93.052	7/1/19 to 6/30/20 7/1/20 to 6/30/21	1,381 (1,077)	1,381 (1,077)
Total Passed Through State of Oklahoma Oklahoma Department of Human Services and Area Agencies on Aging			307,395	307,395
Corporation for National and Community Service:				
Passed through Alaska Pacific University Americorps	94.006	1/1/20 - 12/31/20	21,625	21,625
Passed through Equal Justice Works Americorps	94.006	6/1/20 - 8/31/20	5,000	5,000
Total Corporation for National and Community Service:			26,625	26,625
Legal Services Corporation:				
Basic Field Grant	09.737066	1/1/20 - 12/31/20	3,966,496	3,993,938
Migrant Component	09.737066	1/1/20 - 12/31/20	-	103,274
COVID-19 Response	09.737066	3/1/20 - 9/30/21	448,287	448,287
COVID Telecommuting	09.737066	3/1/20 - 9/30/21	11,242	11,242
Technology Grant	09.737066	10/1/16 - 3/31/19	45,387	45,387
Midwest Disaster Coordination	09.737066	6/3/2019 - 9/2/2021	109,480	109,480
Disaster Response Supplemental	09.737066	1/1/2020 - 6/30/2022	113,334	113,334
Total Legal Services Corporation:			4,694,225	4,824,941

Legal Aid Services of Oklahoma, Inc.
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT PERIOD	Federal Support Recognized	Federal Program Expenditures
<i>U. S. Department of Housing and Urban Development:</i>				
Private Enforcement Initiative	14.418	02/4/19 - 2/3/20 7/1/20 - 6/30/21	25,000 150,000	25,000
Passed Through City of OKC Emergency Shelter Grant	14.231	7/1/19 to 6/30/20 7/1/20 to 6/30/21	10,757 26,222	10,757 26,222
Emergency Shelter Grant	14.231	3/15/20 - 6/30/22	14,462	14,462
Passed Through City of Tulsa Emergency Shelter Grant	14.231	7/1/19 to 6/30/20 7/1/20 to 6/30/21	6,691 28,207	6,691 28,207
<i>Total Emergency Shelter Grant:</i>			86,339	86,339
<i>Total U. S. Department of Housing and Urban Development:</i>			261,339	111,339
<i>US Department of Justice:</i>				
Passed through Okla District Attorney's Council Crime Victim Assistance	16.575	10/1/19 to 9/30/20 10/1/20 to 9/30/21	1,424,034 635,189	1,424,034 635,189
Passed through Leflore County Child Advocacy Network Inc Crime Victim Assistance	16.589	10/1/19 to 9/30/20	51,505	51,505
Rural Domestic Violence, Dating Violence, Sexual Assault and Stalking Assistance Progrm	16.589	10/01/19 - 9/30/22	68,195	68,195
<i>Total Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program</i>			119,700	119,700
Crime Victim Assistance/Discretionary Grants	16.582	10/01/18 - 9/30/21	299,402	299,402
Legal Assistance for Victims	16.524	10/01/19 - 9/30/22	112,980	112,980
<i>Total US Department of Justice:</i>			2,591,305	2,591,305
<i>US Department of Veterans Affairs:</i>				
Passed through Oklahoma Goodwill Industries Inc VA Supportive Services for Veteran Families	64.033	10/01/18 to 9/30/19 10/01/19 to 9/30/20	9,757 2,663	9,757 2,663
<i>Total US Department of Veterans Affairs:</i>			12,419	12,419
<i>US Department of the Treasury/Internal Revenue Service:</i>				
Low Income Tax Clinics	21.008	01/01/20 - 12/31/20	64,788	64,788
<i>Total US Department of the Treasury/Internal Revenue Service:</i>			64,788	64,788
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,942,845	\$ 8,256,989

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards include the federal grant activity of LASO, under programs of the federal government for the year ended December 31, 2020. The information in the schedule of expenditures of federal awards is presented in accordance with the requirement 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 LASO, it is not intended to and does not present the financial position, changes in net assets or cash flows of LASO.

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.

3. CONTINGENT LIABILITIES

LASO participated in a number of federal assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the Uniform Guidance, if applicable, in accordance with the required levels of Federal Financial assistance. Audits of prior years have not resulted in any significant disallowed costs. Additionally, the grant programs are subject to audits by the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Management believes that any liability for reimbursement which may arise as the result of audits of grant funds would not be material.

4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal financial reports filed with the grantor agencies because of accruals made in the schedule which will be included in future reports with agencies.

LEGAL AID SERVICES OF OKLAHOMA, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020**

Section I--Summary of Auditor's Results

Financial statements

Type of auditor's report issued on whether the financial statements were in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

<u>Program</u>	<u>CFDA Number</u>
Legal Services Corporation Grant	09.737066
Crime Victim Assistance	16.575

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

LEGAL AID SERVICES OF OKLAHOMA, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd)
For the Year Ended December 31, 2020**

SECTION II – Financial Statement Findings

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

There are no findings requiring reporting under this section.

SECTION III – Federal Awards Findings and Questioned Costs

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

There are no findings requiring reporting under this section.

LEGAL AID SERVICES OF OKLAHOMA, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2020**

SECTION II – Financial Statement Findings

Compliance Findings

None noted in prior year audit.

Internal Control Findings

None noted in prior year audit.

SECTION III – Federal Awards Findings and Questioned Costs

Compliance Findings

None noted in prior year audit.

Internal Control Findings

None noted in prior year audit.