

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

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

For the Year Ended December 31, 2021

LSC Grant Recipient No. 737066

LEGAL AID SERVICES OF OKLAHOMA, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Legal Aid Services of Oklahoma, Inc., or "LASO," (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year 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 LASO as of December 31, 2021, and the changes in its net assets and its cash flows for the year 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 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 2020 summarized comparative information.

We have previously audited LASO's 2020 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 23, 2021. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2022, 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 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 LASO'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 LASO's internal control over financial reporting and compliance.

Arledge & Associates, P.C.

Edmond, Oklahoma
April 27, 2022



LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

ASSETS	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 1,759,458	\$ 3,814,528
Client Trust Cash	101,634	14,710
Grants receivable, current	2,570,245	1,704,692
Other receivable	17,268	-
Unconditional promises to give	20,666	17,537
Prepaid expenses	<u>163,040</u>	<u>147,449</u>
Total current assets	<u>4,632,311</u>	<u>5,698,916</u>
Property and equipment:		
Land	6,500	6,500
Buildings & improvements	200,257	278,032
Furniture	10,000	10,000
Equipment	24,920	24,920
Software	25,108	25,108
Less: accumulated depreciation	<u>(177,630)</u>	<u>(247,119)</u>
Property and equipment, net	<u>89,155</u>	<u>97,441</u>
Beneficial interests in community foundations	<u>1,138,597</u>	<u>1,074,401</u>
TOTAL ASSETS	\$ <u>5,860,063</u>	\$ <u>6,870,758</u>
 LIABILITIES & NET ASSETS		
Current liabilities:		
Accounts payable	\$ 305,422	\$ 208,044
Other payables	43,805	91,121
Deferred revenue	385,530	1,680,540
Client trust payable	101,634	14,710
Accrued salaries and benefits	337,642	290,868
Accrued vacation	<u>720,516</u>	<u>656,331</u>
Total current liabilities	<u>1,894,549</u>	<u>2,941,614</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated	1,634,225	1,090,598
Net assets with donor restrictions:		
Legal Services Corporation	322,977	329,576
Non-LSC	877,738	1,434,569
Purpose restricted	1,056,809	1,011,730
Perpetual	<u>73,765</u>	<u>62,671</u>
Total net assets	<u>3,965,514</u>	<u>3,929,144</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>5,860,063</u>	\$ <u>6,870,758</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, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions				2021 Totals	2020 Totals
		LSC	Non-LSC	Purpose Restricted	Perpetual		
REVENUES, GAINS, AND OTHER SUPPORT							
Government grant revenue	\$ 873,034	\$ 7,165,445	\$ 6,563,448	\$ -	\$ -	\$ 14,601,927	\$ 9,440,411
Private grant revenue	85,000	-	307,875	-	-	392,875	354,750
Contract revenue	114,105	-	1,255,680	-	-	1,369,785	1,417,531
United Way	-	-	725,160	-	-	725,160	737,735
Contributions	1,029,358	15,000	857,803	-	-	1,902,161	1,499,024
Attorney fee awards	-	36,689	7,749	-	-	44,438	186,106
Miscellaneous income	34,434	1,904	1,241	-	-	37,579	18,837
Interest income	-	317	-	-	-	317	2,332
Realized/unrealized gains	-	-	-	50,579	13,618	64,197	107,438
Donated services	214,850	-	-	-	-	214,850	346,518
Paycheck Protection Program	-	-	-	-	-	-	2,100,000
Total revenue and gains	<u>2,350,781</u>	<u>7,219,355</u>	<u>9,718,956</u>	<u>50,579</u>	<u>13,618</u>	<u>19,353,289</u>	<u>16,210,682</u>
Net assets released from restrictions							
Satisfaction of program requirements	<u>17,509,765</u>	<u>(7,225,954)</u>	<u>(10,275,787)</u>	<u>(5,500)</u>	<u>(2,524)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	19,860,546	(6,599)	(556,831)	45,079	11,094	19,353,289	16,204,391
EXPENSES							
Civil legal services	16,520,829	-	-	-	-	16,520,829	13,367,502
Public defender	401,923	-	-	-	-	401,923	406,376
Management and general	2,253,720	-	-	-	-	2,253,720	1,657,479
Fundraising	140,447	-	-	-	-	140,447	134,488
Total expenses	<u>19,316,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,316,919</u>	<u>15,572,136</u>
Change in net assets	543,627	(6,599)	(556,831)	45,079	11,094	36,370	632,255
Net assets beginning 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>
NET ASSETS, END OF YEAR	<u>\$ 1,634,225</u>	<u>\$ 322,977</u>	<u>\$ 877,738</u>	<u>\$ 1,056,809</u>	<u>\$ 73,765</u>	<u>\$ 3,965,514</u>	<u>\$ 3,929,144</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, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Civil Legal Services	Public Defender	Management and General	Fundraising	2021 Totals	2020 Totals
Salary	\$ 9,977,910	\$ 226,289	\$ 952,909	\$ 19,588	\$ 11,176,696	\$ 9,183,679
Fringe benefits	3,019,228	64,298	261,481	4,527	3,349,534	2,719,553
Occupancy	796,661	62,580	61,800	-	921,041	839,016
Office expense	154,751	5,011	23,465	1,885	185,112	179,933
Telephone	136,624	2,585	96,532	-	235,741	187,025
Travel	84,866	462	5,584	876	91,788	65,602
Litigation	52,597	311	3,436	-	56,344	60,244
Training	16,300	981	8,125	475	25,881	23,520
Library	123,084	764	10,582	1,346	135,776	80,840
Dues and fees	46,999	356	13,460	-	60,815	82,313
Insurance	28,910	-	37,931	4,919	71,760	65,132
Professional services	1,190,619	36,330	273,827	85,390	1,586,166	1,138,226
Equipment	17,497	-	87,352	-	104,849	112,116
Other	643,232	1,957	417,235	21,442	1,083,866	468,776
Depreciation expense	16,700	-	-	-	16,700	19,643
Donated services	214,850	-	-	-	214,850	346,518
Total expenses - 2021	<u>\$ 16,520,828</u>	<u>\$ 401,924</u>	<u>\$ 2,253,719</u>	<u>\$ 140,448</u>	<u>\$ 19,316,919</u>	
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>

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, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 36,370	\$ 632,255
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	16,700	19,643
Valuation adjustment to beneficial interests in community foundations	(64,197)	(107,438)
Change in current assets and liabilities		
(Increase) decrease in receivables	(885,950)	528,903
(Increase) decrease in prepaid expenses	(15,591)	5,445
Increase (decrease) in payables	50,062	141,590
Increase (decrease) in client trust liabilities	86,924	1,358
Increase (decrease) in accrued salaries and benefits	46,774	45,160
Increase (decrease) in deferred revenue	(1,294,000)	1,639,422
Increase (decrease) in accrued vacation	64,185	58,204
	<u>(1,995,093)</u>	<u>2,332,287</u>
Total adjustments		
Net cash provided (used) by operating activities	(1,958,723)	2,964,542
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(9,000)	-
Contributions to investment in community foundations	(8,447)	-
Distributions from investment in community foundations	8,024	6,291
	<u>(9,423)</u>	<u>6,291</u>
Net cash provided (used) by investing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,968,146)</u>	<u>2,970,833</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,829,238</u>	<u>858,405</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,861,092</u>	<u>\$ 3,829,238</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, 2021

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 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, 2020, from which the 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 year.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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 2021 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	\$	5,629,068
Interest		317
Other		36,689
		<hr/>
Total LSC Support	\$	5,666,074
		<hr/>
10% Allowed Retaining Without Need for a Waiver	\$	566,607
		<hr/>
Actual Fund Balance End of Year	\$	522,243
		<hr/>

Excess fund balances do not exceed 25 percent of total LSC support as of December 31, 2021.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021, all pledges are considered collectible. All grants and contributions are anticipated to be collected in 2022.

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, 2021 totals \$8,369.

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, 2021

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, 2021.

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 \$385,530 related to the LSC grants as of December 31, 2021, 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, 2021

2. BENEFICIAL INTERESTS IN COMMUNITY FOUNDATIONS

Beneficial interest in community foundations at December 31, 2021 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, 2021 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, 2021 is as follows:

	Reciprocal Balances	Third Party Balances	Totals
Balance at December 31, 2020	\$ 1,011,729	\$ 175,199	\$ 1,186,928
Contributions	-	-	-
Distributions	(5,500)	(1,158)	(6,658)
Gains (losses) on investments and administrative fees	56,079	20,766	76,845
Balance at December 31, 2021	\$ 1,062,308	\$ 194,807	\$ 1,257,115

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

Activity related to the Oklahoma City Community Foundation for the year ended December 31, 2021 is as follows:

	Reciprocal Balances	Third Party Balances	Totals
Balance at December 31, 2020	\$ 61,870	\$ 135,022	\$ 196,892
Contributions	8,447	2,034	10,481
Distributions	(2,524)	(5,923)	(8,447)
Gains (losses) on investments and administrative fees	8,496	18,076	26,572
Balance at December 31, 2021	\$ 76,289	\$ 149,209	\$ 225,498

3. CLIENT DEPOSITS

LASO is the custodian of funds deposited by clients for court costs and other related expenses. Such amounts totaled \$101,634 at December 31, 2021.

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, 2021

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, 2021, 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	\$ 1,062,308	\$ 1,062,308	\$ -	\$ -
Oklahoma City Foundation	76,289	-	-	76,289
Total Beneficial Assets	\$ 1,138,597	\$ 1,062,308	\$ -	\$ 76,289

The beneficial interest in assets held at the Oklahoma City Community Foundation (the "Foundation") of \$76,289 as of December 31, 2021 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 2021 was \$818,418. Future minimum lease payments of noncancelable leases are as follows:

<u>December 31,</u>	
2022	\$ 408,076
2023	149,140
2024	63,959
2025	16,062
2026	-
	<hr/>
	\$ 637,237

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021, the level of liquidity and reserves was managed with the policy requirements.

The following table provides information about LASO's liquidity:

Total financial assets	\$	5,770,908
Less donor-imposed restrictions:		
Perpetual in nature	73,765	
Purpose restricted		
Community Foundation	1,056,809	
Other non-LSC	877,738	
		<u>2,008,312</u>
Net financial assets after donor-imposed restrictions		3,762,596
Less internal designations		<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>3,762,596</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, 2021

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 \$429,111 for 2021.

9. PRIVATE ATTORNEY INVOLVEMENT

For 2021, LASO was required to devote an amount equal to at least \$703,634 (12.5% of basic field grant of \$5,629,068) 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 in 2020.

LASO determined the loan should be accounted for under ASC 958-605 of the accounting standards. LASO recorded \$2,100,000 as grant revenue during the year ended December 31, 2020. As of December 31, 2021, the loan has been forgiven.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 27, 2022, which is the date the financial statements were available to be issued.

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, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	LSC Basic Non Private Attorney	LSC Migrant Grant- Non Private Attorney	LSC Covid	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 Midwest Disaster Coordination- Private Attorney	LSC Disaster Response Private Attorney	LSC Property	Total LSC Grants	Non LSC Private Attorney	Non LSC Non Private Attorney	2021 Totals	2020 Totals
SUPPORT AND REVENUE																
Government grant revenue	\$ 6,376,582	\$ 176,772	\$ 11,480	\$ 117,298	\$ 243,734	\$ 211,060	\$ 15,783	\$ 552	\$ 1,592	\$ 42	\$ 9,964	\$ 7,164,859	\$ 975,244	\$ 6,461,823	\$ 14,601,926	\$ 9,434,120
Private grant revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	392,875	392,875	354,750
Contract revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	1,369,785	1,369,785	1,417,531
United Way	-	-	-	-	-	-	-	-	-	-	-	-	-	725,160	725,160	737,735
Contributions	15,000	-	-	-	-	-	-	-	-	-	-	15,000	-	1,887,161	1,902,161	1,499,024
Attorney fee awards	36,689	-	-	-	-	-	-	-	-	-	-	36,689	-	7,749	44,438	186,106
Miscellaneous income	2,490	-	-	-	-	-	-	-	-	-	-	2,490	-	35,089	37,579	18,837
Interest income	317	-	-	-	-	-	-	-	-	-	-	317	-	-	317	2,332
Realized/unrealized gains	-	-	-	-	-	-	-	-	-	-	-	-	-	64,197	64,197	107,438
Donated services	-	-	-	-	-	-	-	-	-	-	-	-	214,850	-	214,850	346,518
Paycheck Protection Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,100,000
Total support and revenue	6,431,078	176,772	11,480	117,298	243,734	211,060	15,783	552	1,592	42	9,964	7,219,355	1,190,094	10,943,839	19,353,288	16,204,391
EXPENSES																
Salaries	2,882,431	113,213	22,777	29,634	122,757	137,942	5,477	270	1,280	34	-	3,315,815	144,144	7,716,737	11,176,696	9,183,679
Fringe benefits	829,977	40,591	6,897	7,175	40,341	37,726	1,554	6,897	312	8	-	964,660	41,733	2,343,141	3,349,534	2,719,553
Occupancy	237,078	4,715	4,847	-	1,034	5,828	630	-	-	-	-	254,132	19,589	647,320	921,041	839,016
Office expense	39,651	2,154	571	81	4,385	812	140	-	-	-	-	47,794	3,728	133,590	185,112	179,933
Telephone	38,995	763	913	-	264	727	89	-	-	-	-	41,751	3,570	190,420	235,741	187,025
Travel	12,795	2,433	74	611	347	5	-	-	-	-	-	16,265	5	75,518	91,788	65,602
Litigation	10,279	1,622	277	-	91	104	218	-	-	-	-	12,591	1,673	42,080	56,344	60,244
Training	6,018	1,194	-	107	500	-	-	-	-	-	-	7,819	-	18,062	25,881	23,520
Library	21,452	797	355	-	107	512	121	-	-	-	-	23,344	1,775	110,657	135,776	80,840
Dues and fees	31,250	-	-	-	-	-	-	-	-	-	-	31,250	40	29,525	60,815	82,313
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	71,760	71,760	65,132
Professional services	26,349	4,897	116	79,047	69,718	8,656	6,209	203	-	-	-	195,195	700,993	689,978	1,586,166	1,138,226
Equipment	6,318	144	30	-	9	88	23	-	-	-	-	6,612	726	97,511	104,849	112,116
Other	1,528,021	197	(25,377)	643	2,007	510	-	-	-	-	-	1,506,001	15,583	(437,718)	1,083,866	468,776
Depreciation expense	-	-	-	-	-	-	-	-	-	-	9,964	9,964	-	6,736	16,700	19,643
Donated services	-	-	-	-	-	-	-	-	-	-	-	-	214,850	-	214,850	346,518
Application line	33,016	459	-	-	58	788	58	-	-	-	-	34,379	2,473	(36,852)	-	-
Administrative support	727,448	10,192	-	-	2,116	17,362	1,264	-	-	-	-	758,382	39,212	(797,594)	-	-
Total expenses	6,431,078	183,371	11,480	117,298	243,734	211,060	15,783	552	1,592	42	9,964	7,225,954	1,190,094	10,900,871	19,316,919	15,572,136
Change in net assets	-	(6,599)	-	-	-	-	-	-	-	-	-	(6,599)	-	42,968	36,370	632,255
Net assets - beginning of year	-	329,576	-	-	-	-	-	-	-	-	-	329,576	50,216	3,549,352	3,929,144	3,296,889
NET ASSETS - END OF YEAR	\$ -	\$ 322,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 322,977	\$ 50,216	\$ 3,592,320	\$ 3,965,514	\$ 3,929,144
Deferred Revenue		\$ 175,034			\$ 184,645						\$ 24,232	\$ 383,911	\$ 1,619	\$ 385,530		



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, 2021, 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 27, 2022. 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.

Edmond, Oklahoma
April 27, 2022





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, 2021. 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, 2021.

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.

Arledge & Associates, P.C.

Edmond, Oklahoma
April 27, 2022



LEGAL AID SERVICES OF OKLAHOMA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ <i>PROGRAM TITLE</i>	FEDERAL AL NUMBER	GRANT PERIOD	Federal Support Recognized	Federal Program Expenditures
U.S. Department of Health and Human Services				
Center for Medicare and Medicaid Services				
Cooperative Agreement to Support Navigators in Federally Facilitated and State Partnership Marketplaces	93.332	8/30/2019 to 8/26/2024	857,452	857,452
Total Center for Medicare and Medicaid Services			<u>857,452</u>	<u>857,452</u>
Passed Through State of Oklahoma Oklahoma Department of Human Services and Area Agencies on Aging				
Special Programs for the Aging - Title III				
Part B-Grants for Supportive and Senior Citizens				
Areawide Agency on Aging	93.044	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	46,406 54,233	46,406 54,233
Association of South Central Oklahoma Governments	93.044	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	14,024 18,026	14,024 18,026
Central Oklahoma Economic Development District	93.044	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	9,681 19,205	9,681 19,205
Eastern Oklahoma Development District	93.044	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	22,823 33,010	22,823 33,010
Grand Gateway Economic Development Association	93.044	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	20,021 27,876	20,021 27,876
Kiamichi Economic Development District of Oklahoma	93.044	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	6,834 10,565	6,834 10,565
Long Term Care Authority of Enid	93.044	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	4,403 2,835	4,403 2,835

LEGAL AID SERVICES OF OKLAHOMA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ <i>PROGRAM TITLE</i>	FEDERAL AL NUMBER	GRANT PERIOD	Federal Support Recognized	Federal Program Expenditures
Southern Oklahoma Development Association	93.044	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	7,678 8,018	7,678 8,018
Southwestern Oklahoma Development Authority	93.044	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	22,980 14,062	22,980 14,062
Indian Nations Council of Governments	93.044	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	20,461 22,651	20,461 22,651
Total Special Programs for the Aging - Title III			385,790	385,790
Administration for Children & Families Foster Care Program	93.658	1/1/2021 - 12/31/2021	427,698	427,698
Total Passed Through State of Oklahoma Oklahoma Department of Human Services and Area Agencies on Aging			813,488	813,488
Corporation for National and Community Service:				
Passed through Equal Justice Works Americorp	94.006	6/1/2021 - 8/31/2021	5,000	5,000
Total Corporation for National and Community Service:			5,000	5,000
Legal Services Corporation:				
Basic Field Grant	09.737066	1/1/2021 - 12/31/2021	6,597,605	6,597,605
Migrant Component	09.737066	1/1/2021 - 12/31/2021	193,143	193,143
COVID-19 - COVID-19 Response	09.737066	03/1/2020 - 03/31/2021	12,031	12,031
Midwest Disaster Coordination	09.737066	6/3/2019 - 6/3/2022	118,890	118,890
Disaster Response Supplemental	09.737066	1/1/2020 - 6/30/2022	243,777	243,777
Total Legal Services Corporation:			7,165,445	7,165,445

LEGAL AID SERVICES OF OKLAHOMA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ <i>PROGRAM TITLE</i>	FEDERAL AL NUMBER	GRANT PERIOD	Federal Support Recognized	Federal Program Expenditures
U. S. Department of Housing and Urban Development				
Private Enforcement Initiative	14.418	7/1/2020 - 6/30/2023	329,379	329,379
Passed Through City of OKC Emergency Shelter Grant	14.231	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	8,481 24,700	8,481 24,700
Emergency Shelter Grant	14.231	3/15/20 - 6/30/22	110,538	110,538
Passed Through City of Tulsa Emergency Shelter Grant	14.231	7/1/2020 to 6/30/2021 7/1/2021 to 6/30/2022	- 26,157	- 26,157
Total Emergency Shelter Grant:			169,876	169,876
Total U. S. Department of Housing and Urban Development			499,255	499,255
U.S. Department of Justice				
Passed through Okla District Attorney's Council Crime Victim Assistance	16.575	10/1/2020 to 9/30/2021 10/1/2021 to 9/30/2022	1,424,034 497,598	1,424,034 497,598
Crime Victim Assistance/Discretionary Grants	16.582	10/01/18 - 10/31/21	216,267	216,267
Rural Domestic Violence, Dating Violence, Sexual Assault and Stai	16.589	10/01/2019 - 9/30/2022	87,822	87,822
Legal Assistance for Victims	16.524	10/01/2019 - 9/30/2022	184,873	184,873
Passed through Safenet Services	16.524	10/1/2021 - 9/30/2024	10,125	10,125
Passed through Survivor Resource Network	16.524	10/1/2021 - 9/30/2024	16,018	16,018
Total Legal Assistance for Victims			211,016	211,016
Total U.S. Department of Justice:			2,436,737	2,436,737
U.S. Department of Veterans Affairs				
Passed through Oklahoma Goodwill Industries Inc VA Supportive Services for Veteran Families	64.033	10/01/2020 to 9/30/2021 10/01/2021 to 9/30/2022	18,334 3,829	18,334 3,829
Total U.S. Department of Veteran Affairs:			22,163	22,163
U.S. Department of the Treasury/Internal Revenue Service				
Low Income Tax Clinics	21.008	01/01/2021 - 12/31/2021	63,211	63,211
COVID-19 - Emergency Rental Assistance Program	21.023	01/01/2021 - 12/31/2021	1,706,379	1,251,947
Total U.S. Department of the Treasury/Internal Revenue Service:			1,769,590	1,315,158
TOTAL FEDERAL AWARDS			13,569,128	13,114,696

The accompanying notes are an integral part of these financial statements

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2021

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, 2021. 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, 2021**

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>AL Number</u>
Legal Services Corporation Grant	09.737066
COVID-19 - Emergency Rental Assistance Program	21.023
Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges	93.332

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, 2021**

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, 2021**

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.