

Central Virginia Legal Aid Society, Inc.

**Financial Statements
and
Accompanying Information
year ended
December 31, 2014
(with comparative financial information
for the year ended December 31, 2013)**

Central Virginia Legal Aid Society, Inc.

Contents

	Page
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-11
Accompanying Information	
Schedule of Support, Revenue and Expenses	12
Schedule of Support, Revenue and Expenses, Other Funding	13
Schedule of Expenditures of Federal Awards	14
Notes to Schedule of Expenditures of Federal Awards	15
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</i> <i>Auditing Standards</i>	16-17
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133	18-19
Schedule of Findings and Questioned Costs	20

Frank Barcalow CPA, P.L.L.C.
Independent Auditor's Report

Board of Directors
Central Virginia Legal Aid Society, Inc.
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Central Virginia Legal Aid Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses 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 Central Virginia Legal Aid Society, Inc. as of December 31, 2014, 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

The summarized comparative information of Central Virginia Legal Society, Inc. as of and for the year then ended December 31, 2013 was audited by other auditors whose report dated November 26, 2014 expressed an unmodified opinion.

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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, schedule of support, revenue and expenses and schedule of support, revenue and expenses, other funding are presented for purposes of additional analysis and are 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 March 12, 2015 on our consideration of Central Virginia Legal Aid Society, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Central Virginia Legal Aid Society, Inc.'s internal control over financial reporting and compliance.

Frank Barcalow CPA, P.L.L.C.

Frank Barcalow CPA, P.L.L.C.
Richmond, Virginia
March 12, 2015

Statements of Financial Position

December 31, 2014

(With Comparative Financial Information as of December 31, 2013)

Assets

	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents	\$ 228,832	\$ 18,085
Contributions receivable	34,065	42,721
Employee advances	5,299	736
Client escrow funds	38,963	32,790
Prepaid expenses	<u>12,295</u>	<u>3,252</u>
Total current assets	<u>319,454</u>	<u>97,584</u>

Property and equipment

Furniture and equipment	158,452	158,452
Computers	24,304	24,304
Vehicles	28,464	28,464
Law library	<u>1,872</u>	<u>1,872</u>
	213,092	213,092
Less: accumulated depreciation	<u>169,325</u>	<u>141,162</u>
Total property and equipment	<u>43,767</u>	<u>71,930</u>

Other assets

Security deposits	<u>1,833</u>	<u>1,833</u>
Total assets	<u>\$ 365,054</u>	<u>\$ 171,347</u>

Liabilities and net assets

Current liabilities

Accounts payable	\$ 38,286	\$ 58,886
Accrued expenses	3,101	896
Accrued vacation	72,962	67,327
Unearned support	60,896	300
Client escrow deposits	<u>38,963</u>	<u>32,790</u>
Total current liabilities	<u>214,208</u>	<u>160,199</u>

Commitments

Net assets

Unrestricted	34,540	(322,184)
Temporarily restricted	<u>116,306</u>	<u>333,332</u>
Total net assets	<u>150,846</u>	<u>11,148</u>

Total liabilities and net assets	<u>\$ 365,054</u>	<u>\$ 171,347</u>
---	-------------------	-------------------

Central Virginia Legal Aid Society, Inc.

-4-

Statement of Activities

Year Ended December 31, 2014

(With Summarized Financial Information as of December 31, 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue				
Federal grants	\$ 1,317,711	\$ 90,660	\$ 1,408,371	\$ 1,103,892
State and local grants	918,560	-	918,560	1,139,775
Attorney fees	-	-	-	1,507
Contributions	124,078	-	124,078	167,082
In-kind support	1,296,959	-	1,296,959	645,392
Other income	3,612	-	3,612	3,600
	<u>3,660,920</u>	<u>90,660</u>	<u>3,751,580</u>	<u>3,061,248</u>
Net assets released from restrictions				
Expiration of time or purpose restrictions	<u>307,686</u>	<u>(307,686)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,968,606</u>	<u>(217,026)</u>	<u>3,751,580</u>	<u>3,061,248</u>
Expenses				
Program services				
Legal assistance	3,223,439	-	3,223,439	2,394,743
Supporting services				
Management and general	339,993	-	339,993	541,318
Fund raising	<u>48,450</u>	<u>-</u>	<u>48,450</u>	<u>34,274</u>
Total expenses	<u>3,611,882</u>	<u>-</u>	<u>3,611,882</u>	<u>2,970,335</u>
Change in net assets	356,724	(217,026)	139,698	90,913
Net assets at beginning of year	<u>(322,184)</u>	<u>333,332</u>	<u>11,148</u>	<u>(79,765)</u>
Net assets at end of year	\$ <u><u>34,540</u></u>	\$ <u><u>116,306</u></u>	\$ <u><u>150,846</u></u>	\$ <u><u>11,148</u></u>

See notes to financial statements.

Central Virginia Legal Aid Society, Inc.

-5-

Statement of Functional Expenses

December 31, 2014

(With summarized totals for the year ended December 31, 2013)

	Program Services	Supporting Services	Fundraising Expense	2014 Total Expenses	2013 Total Expenses
Attorney salaries	\$ 406,996	\$ 115,114	\$ 11,063	\$ 533,173	\$ 555,069
Non-attorney legal salaries	421,029	71,002	2,601	494,632	458,511
Fringe benefits	359,178	80,030	2,410	441,618	382,648
Travel	20,187	821	351	21,359	10,897
Occupancy	155,349	19,324	998	175,671	176,165
Donated services and equipment	1,296,959	-	-	1,296,959	645,392
Consumables	31,065	858	219	32,142	21,533
Insurance	13,523	215	22	13,760	13,487
Leased equipment	2,899	328	-	3,227	7,869
Telephone	55,041	2,310	15	57,366	49,307
Consultants and contractors	11,803	26,000	-	37,803	15,962
Dues and fees	9,474	-	-	9,474	10,001
Library expense	5,232	-	-	5,232	8,887
Subgrants	371,441	-	-	371,441	528,970
Other expense	3,040	1,411	-	4,451	4,292
Temporary services	-	19,444	-	19,444	31,538
Equipment maintenance	30,827	2,853	-	33,680	21,945
Training	1,568	-	-	1,568	344
Litigation expense	(52)	-	-	(52)	2,408
Fundraising	-	-	30,771	30,771	3,145
Depreciation	27,880	283	-	28,163	21,965
	<u>\$ 3,223,439</u>	<u>\$ 339,993</u>	<u>\$ 48,450</u>	<u>\$ 3,611,882</u>	<u>\$ 2,970,335</u>

See notes to financial statements.

Central Virginia Legal Aid Society, Inc.

-6-

Statements of Cash Flows

Year Ended December 31, 2014

(With Comparative Financial Information as of December 31, 2013)

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 139,698	\$ 90,913
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	28,163	21,965
(Increase) decrease in grants and contributions receivable	8,656	(78)
(Increase) decrease in prepaid expenses	(9,043)	(1,788)
(Increase) decrease in employee receivables	(4,563)	-
Increase (decrease) in accounts payable	(20,600)	(102,382)
Increase (decrease) in accrued expenses	2,205	(4,261)
Increase (decrease) in accrued vacation	5,635	(21,217)
Increase (decrease) in unearned support	60,596	-
Net cash (used in) provided in operating activities	<u>210,747</u>	<u>(16,848)</u>
Cash flows used in investing activities		
Acquisition of property and equipment	<u>-</u>	<u>(39,424)</u>
Net increase (decrease) in cash and cash equivalents	210,747	(56,272)
Cash and cash equivalents, beginning of year	<u>18,085</u>	<u>74,357</u>
Cash and cash equivalents, end of year	<u>\$ 228,832</u>	<u>\$ 18,085</u>
Supplemental disclosure of cash flows information		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

Notes to Financial Statements December 31, 2014

Note 1 - Summary of significant accounting policies

Nature of organization

Central Virginia Legal Aid Society, Inc.(CVLAS) is a nonprofit corporation organized for the purpose of providing legal assistance in noncriminal proceedings or matters to persons financially unable to afford legal assistance in the central Virginia area including Charlottesville and Petersburg. CVLAS is primarily funded through grants from Legal Services Corporation (LSC), a nonprofit corporation established by Congress to administer a national legal assistance program and Legal Services Corporation of Virginia (LSCV).

Promises to give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. Historically, there have not been significant differences between the amounts allocated and collected, accordingly, no provision has been made for uncollectible amounts.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States. Under generally accepted accounting principles, CVLAS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At the present time, the Organization does not have any permanently restricted net assets.

Estimates

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

Cash equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**Notes to Financial Statements
December 31, 2014**

Note 1 - Summary of significant accounting policies (continued)

Support

CVLAS recognizes grant support as awarded. A receivable is recognized upon notification of support. In accordance with the terms of its contract, CVLAS may use unexpended funds in future periods to the extent that expenses incurred are in compliance with the specified terms of the contract. LSC may, at its discretion, request reimbursement or return of funds, or both, as a result of noncompliance by CVLAS with the terms of its contract.

Property and equipment

Property and equipment acquired with LSC funds are considered to be owned by CVLAS while used in the program or in future authorized programs. However, LSC retains a reversionary interest in these assets as well as the right to determine the use of any proceeds from the sale of such assets.

CVLAS follows the practice of capitalizing all expenditures for property and equipment at cost, if cost is in excess of \$1,000. Depreciation of property and equipment is computed on a straight-line basis over the estimated lives of the assets. The estimated useful life of furniture, computers and equipment is 3 to 10 years.

Donated property and services

The value of donated services, representing services rendered by various Corporations and individuals at no charge to the CVLAS, is based on the approximate fair market value of the services received. These services are recognized both as support and expenses, and therefore, do not effect the overall net assets.

Advertising

Advertising costs are expensed as incurred. There was no advertising expense in the current year.

Income taxes

CVLAS is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from Commonwealth of Virginia taxes. In addition, CVLAS has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Allocation of expenses

In some cases, common expenses are incurred which support the work performed under more than one grant. Such expenses are allocated on the basis of grant dollars of each program.

The costs of providing program services have been summarized on a functional basis in the Statement of Activities and on the Statement of Functional Expenses. Accordingly, certain costs have been allocated between the program and supporting services benefitted.

**Notes to Financial Statements
December 31, 2014**

Note 2 - Accumulated depreciation

Accumulated depreciation for LSC property and equipment by category is shown in the following tabulation:

	<u>2014</u>	<u>2013</u>
Computers	\$ 24 304	\$ 24 049
Vehicles	28 464	28 464
Law Library	1 560	936
Furniture and equipment	<u>114 997</u>	<u>87 713</u>
	<u>\$ 169 325</u>	<u>\$ 141 162</u>

Depreciation expense for the current year was \$28,163.

Note 3 - Concentration of funding

The Organization's operations are funded principally through general purpose contracts from Legal Services Corporation (LSC) (51% of total income) and Legal Services Corporation of Virginia (LSCV) (33% of total income). The grant contract and other activity for the current year are summarized as follows:

Legal Services Corporation	<u>Recipient Number</u>	<u>Period</u>	<u>2014</u>
Basic	443030	1/1/14 - 12/31/14	\$ 1 087 925
Migrant			<u>154 475</u>
			<u>1 242 400</u>

Legal Services Corporation of Va.

Virginia Filing Fees	<u>\$ 788 860</u>
----------------------	-------------------

Note 4 - Private Attorney Involvement (PAI)

LSC regulations require that 12.5% of the basic LSC grant be allocated to private attorney involvement. LSC funding of \$1,087,925 times 12.5% produces the minimum requirement of \$135,991. The Organization expended \$141,193 for the year ended December 31, 2014. The amount expended was \$5,202 more than required.

Note 5 - Retirement plan

The Organization has a voluntary tax deferred annuity plan for all qualified employees. The Organization does not currently contribute to the plan.

**Notes to Financial Statements
December 31, 2014**

Note 6 - Commitments

CVLAS rents office space for its Richmond office under a long-term lease. The minimum annual rental payments over the remaining term of the original leases are as follows:

2015	\$ 99 254
2016	101 239
2017	<u>103 264</u>
	<u>\$ 303 757</u>

Rent expense paid was \$155,460.

Note 7 - Concentration of credit risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash and unsecured receivables. Cash accounts are maintained in several financial institutions in Central Virginia. Accounts at each institution are insured by the Federal Deposit Insurance Organization up to \$250,000. Cash balances exceed insured amounts from time to time, but management believe the risk is minimal.

Accounts receivable from grant funding also potentially subject the Organization to concentration of credit risk but management believe the risk is minimal based on historic experience with the grantors.

Note 8 - Donated services

The value of donated legal services for the year ended December 31, 2014 is as follows:

Donated Legal Services	\$ <u>1 296 959</u>
------------------------	---------------------

Note 9 - Temporarily restricted net assets

Temporarily restricted net assets totaled \$116,306 as of December 31, 2014 from Legal Services Corporation.

Temporarily restricted net assets released totaled \$307,686 and consisted of revenue received from Legal Services Corporation.

**Notes to Financial Statements
December 31, 2014**

Note 10 - Net assets

CVLAS may carryforward 20% of its LSCVA support and 10% of its LSC support from the present contracts to the next immediate fiscal year. Balances greater than the above have to be approved by the funding source. There were no amounts over the maximum net assets allowed for the current year.

Note 11 - Subsequent events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 12, 2015 the date the financial statements were issued.

Legal Services Corporation provided only six month funding in the 2015 year with an additional six months if the Organization provided evidence of improved internal financial reporting, internal controls and board over-site. As of the audit date the Organization has met all requirements.

Note 12 - Fair value measurements

The Organization records fair value adjustments to certain assets and liabilities and determines fair value disclosures. The fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Three levels of the fair value hierarchy under this standard based on these three types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

All liabilities were measured at fair value by level one valuation, because they generally provide the most reliable evidence of fair value.

Note 13 - Related party

CVLAS and Legal Aid Justice Center (LAJC) share the same Board of Directors. Currently CVLAS owes \$11,533 for expenses to LAJC and LAJC owes CVLAS \$34,144 for shared fund raising revenues as of the current year. CVLAS paid a total of \$371,441 as a subgrant to LAJC from Legal Services Corporation of Virginia funding.

Note 14 - Contingency

CVLAS is subject to litigation from a former employee. The suit was dismissed, but has been appealed to the United States Court of Appeals. While the final outcome cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters cannot be estimated, so therefore, no provision for any loss has been made on the Organization's financial statements

Accompanying Information

Central Virginia Legal Aid Society, Inc.

Schedule of Support, Revenue and Expenses Year Ended December 31, 2014

-12-

(With Summarized Financial Information as of December 31, 2013)

	2014							
	Restricted				Unrestricted			
	Legal Services Corporation	Private Attorney Involvement	Migrant Grant	Legal Services Corporation Property	Total Legal Services Corporation	Other Funding	Total 2014	Total 2013
Support and revenue								
Grants	\$ 951,934	\$ 135,991	\$ 154,475	\$ -	\$ 1,242,400	\$ 1,084,531	\$ 2,326,931	\$ 2,243,667
Contributions	-	-	-	-	-	124,078	124,078	167,082
Other income	-	-	-	-	-	3,612	3,612	5,107
Donated services	-	1,296,959	-	-	1,296,959	-	1,296,959	645,392
Net assets released from restrictions expiration of time restrictions	-	-	-	-	-	-	-	-
Total support, revenue and reclassifications	<u>951,934</u>	<u>1,432,950</u>	<u>154,475</u>	<u>-</u>	<u>2,539,359</u>	<u>1,212,221</u>	<u>3,751,580</u>	<u>3,061,248</u>
Expenses								
Attorney salaries	303,001	12,244	58,740	-	373,985	159,188	533,173	555,069
Non-attorney legal salaries	269,114	63,342	41,015	-	373,471	121,161	494,632	458,511
Fringe benefits	265,114	32,502	42,895	-	340,511	101,107	441,618	382,648
Travel	7,613	1,709	2,136	-	11,458	9,901	21,359	10,897
Occupancy	70,455	14,054	17,567	-	102,076	73,595	175,671	176,165
Donated services and equipment	-	1,296,959	-	-	1,296,959	-	1,296,959	645,392
Consumables	5,687	2,571	3,214	-	11,472	20,670	32,142	21,533
Insurance	4,009	1,101	1,376	-	6,486	7,274	13,760	13,487
Leased equipment	1,555	258	323	-	2,136	1,091	3,227	7,869
Telephone	20,360	4,589	5,737	-	30,686	26,680	57,366	49,307
Consultants and contractors	23,678	4,029	3,780	-	31,487	6,316	37,803	15,962
Dues and fees	-	-	-	-	-	9,474	9,474	10,001
Library expense	2,703	419	523	-	3,645	1,587	5,232	8,887
Subgrants	-	-	-	-	-	371,441	371,441	528,970
Other expense	-	-	-	-	-	4,451	4,451	4,292
Temporary services	10,221	1,556	1,944	-	13,721	5,723	19,444	31,538
Equipment maintenance	18,224	2,694	3,368	-	24,286	9,394	33,680	21,945
Training	595	125	157	-	877	691	1,568	344
Litigation expense	-	-	-	-	-	(52)	(52)	2,408
Fundraising	-	-	-	-	-	30,771	30,771	3,145
Depreciation	-	-	-	28,163	28,163	-	28,163	21,965
Total expenses	<u>1,002,329</u>	<u>1,438,152</u>	<u>182,775</u>	<u>28,163</u>	<u>2,651,419</u>	<u>960,463</u>	<u>3,611,882</u>	<u>2,970,335</u>
Change in net assets	(50,395)	(5,202)	(28,300)	(28,163)	(112,060)	251,758	139,698	90,913
Other increases (decreases) in net assets								
Acquisition of property	-	-	-	-	-	-	-	-
Transfers	(5,202)	5,202	-	-	-	-	-	-
Net assets at beginning of year	<u>130,651</u>	<u>-</u>	<u>69,552</u>	<u>71,931</u>	<u>272,134</u>	<u>(260,986)</u>	<u>11,148</u>	<u>(79,765)</u>
Net assets at end of year	<u>\$ 75,054</u>	<u>\$ -</u>	<u>\$ 41,252</u>	<u>\$ 43,768</u>	<u>\$ 160,074</u>	<u>\$ (9,228)</u>	<u>\$ 150,846</u>	<u>\$ 11,148</u>

Central Virginia Legal Aid Society, Inc.

-13-

Schedule of Support, Revenue and Expenses, Other Funding
Year Ended December 31, 2014

	Unrestricted							
	Legal Services Corporation of Virginia Filing Fees	United Way	Crater Agency on Aging	Navigator Grant	Senior Services Grant	City of Richmond	Other Income	Total
Support and revenue								
Grant	\$ 788,860	\$ -	\$ 4,004	\$ 139,562	\$ 22,405	\$ 65,599	\$ 64,101	\$ 1,084,531
Contributions	-	24,077	-	-	-	-	100,001	124,078
Other income	-	-	-	-	-	-	3,612	3,612
Net assets released from restrictions expiration of time restrictions	-	-	-	-	-	-	-	-
Total support and revenue	<u>788,860</u>	<u>24,077</u>	<u>4,004</u>	<u>139,562</u>	<u>22,405</u>	<u>65,599</u>	<u>167,714</u>	<u>1,212,221</u>
Expenses								
Attorney salaries	49,811	-	4,004	49,318	20,174	35,881	-	159,188
Non-attorney legal salaries	57,724	-	-	40,322	-	23,115	-	121,161
Fringe benefits	39,570	-	-	44,127	-	17,410	-	101,107
Travel	9,901	-	-	-	-	-	-	9,901
Occupancy	73,595	-	-	-	-	-	-	73,595
Donated services and equipment	-	-	-	-	-	-	-	-
Consumables	20,670	-	-	-	-	-	-	20,670
Insurance	7,274	-	-	-	-	-	-	7,274
Leased equipment	1,091	-	-	-	-	-	-	1,091
Telephone	26,680	-	-	-	-	-	-	26,680
Consultants and contractors	6,316	-	-	-	-	-	-	6,316
Dues and fees	9,474	-	-	-	-	-	-	9,474
Library expense	1,587	-	-	-	-	-	-	1,587
Subgrants	371,441	-	-	-	-	-	-	371,441
Other expense	4,451	-	-	-	-	-	-	4,451
Temporary services	5,723	-	-	-	-	-	-	5,723
Equipment maintenance	9,394	-	-	-	-	-	-	9,394
Training	691	-	-	-	-	-	-	691
Litigation expense	(52)	-	-	-	-	-	-	(52)
Fundraising	30,771	-	-	-	-	-	-	30,771
Depreciation	-	-	-	-	-	-	-	-
Total expenses	<u>726,112</u>	<u>-</u>	<u>4,004</u>	<u>133,767</u>	<u>20,174</u>	<u>76,406</u>	<u>-</u>	<u>960,463</u>
Change in net assets	62,748	24,077	-	5,795	2,231	(10,807)	167,714	251,758
Other increases (decreases) in net assets								
Transfers	-	45,758	-	-	-	-	(45,758)	-
Net assets at beginning of year	<u>71,516</u>	<u>(69,835)</u>	<u>-</u>	<u>(5,795)</u>	<u>(2,231)</u>	<u>10,807</u>	<u>(265,448)</u>	<u>(260,986)</u>
Net assets at end of year	\$ <u>134,264</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(143,492)</u>	\$ <u>(9,228)</u>

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014**

<u>Federal Granting Agency/Recipient Agency/Grant Program</u>	<u>Federal Catalog Number</u>	<u>Federal Expenditures</u>
Legal Services Corporation Basic field grant and migrant grant	9.443030	\$ 1 326 297
U.S. Department of Health and Human Services Healthcare Navigator Grants	96.750	133 767
U.S. Department of Health & Human Services Pass-through from Department on Aging Title III	93.282	<u>26 409</u>
		<u>\$ 1 486 473</u>

The accompanying notes are an integral part of this schedule.

**Notes to Financial Statements
December 31, 2014**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Central Virginia Legal Aid Society, Inc. and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Corporations and Legal Services Corporation Audit Guide and Compliance Supplements*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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***

Board of Directors
Central Virginia Legal Aid Society, Inc.
Richmond, Virginia

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 Central Virginia Legal Aid Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, 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 March 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Virginia Legal Aid Society, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Virginia Legal Aid Society, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies 2014 - 1 and 2014 - 2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Virginia Legal Aid Society, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014 - 1 and 2014 - 2.

Central Virginia Legal Aid Society, Inc.'s Response to Findings

Central Virginia Legal Aid Society, Inc.'s response to the findings identified in our audit in the accompanying schedule of findings and questioned costs. Central Virginia Legal Aid Society Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and , accordingly, we express not opinion on it.

Purpose of this Report

-17-

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

Frank Barcalow CPA, P.L.L.C.

Frank Barcalow CPA, P.L.L.C.

Richmond, Virginia

March 12, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
Central Virginia Legal Aid Society, Inc.
Richmond, Virginia

Report on Compliance for Each Major Federal Program

We have audited Central Virginia Legal Aid Society, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Central Virginia Legal Aid Society, Inc.'s major federal programs for the year ended December 31, 2014. Central Virginia Legal Aid Society, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Central Virginia Legal Aid Society, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Central Virginia Legal Aid Society, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Central Virginia Legal Aid Society, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014 - 1 and 2014 - 2. Our opinion on each major federal program is not modified with respect to these matters.

Central Virginia Legal Aid Society, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Central Virginia Legal Aid Society, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Central Virginia Legal Aid Society, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Central Virginia Legal Aid Society, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Central Virginia Legal Aid Society, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014 - 1 and 2014 - 2 to be significant deficiencies.

Central Virginia Legal Aid Society, Inc.'s response to the findings identified in our audit in the accompanying schedule of findings and questioned costs. Central Virginia Legal Aid Society Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and , accordingly, we express not opinion on it.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Frank Barcalow CPA, P.L.L.C.

Frank Barcalow CPA, P.L.L.C.
Richmond, Virginia
March 12, 2015

Central Virginia Legal Aid Society, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

A. Summary of audit results

1. The auditor's report expresses an unqualified opinion on the financial statements of Central Virginia Legal Aid Society, Inc.
2. No significant deficiencies in internal control or material weaknesses disclosed by the audit of the financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Central Virginia Legal Aid Society, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control related to the audit of the major federal award programs is reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and Legal Services Corporation Audit Guide and Compliance Supplements.
5. The auditor's report on compliance for the major federal award programs for the Central Virginia Legal Aid Society, Inc. expresses an unqualified opinion.
6. No audit findings were reported that are required to be disclosed in accordance with section 510(a) of Circular A-133.
7. The programs tested as major programs were:

<u>Name of Program</u>	<u>CFDA#</u>
Legal Services Corporation	
Basic Field Grant recipient # 443030	9.443030

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Central Virginia Legal Aid Society, Inc. was not determined to be a low risk auditee.

B. Findings - financial statement audit

2014 - 1 Bank reconciliations were not completed on a timely basis.

Organization response: Organization hired three part-time accountants or bookkeepers to correct findings from the 2013 audit and all bank reconciliations were completed prior to the start of the 2014 audit.

2014 - 2 The general ledger had not been reviewed for accuracy on a timely basis

Organization response: Organization hired three part-time accountants or bookkeepers to correct findings from the 2013 audit and the general ledger had been reviewed and corrected before the start of the 2014 audit.

C. Findings and questioned costs - major federal awards programs audit

None

D. Prior year Audit findings

All prior year findings except noted in B above were corrected.