

Legal Aid Society of Cincinnati

LSC Recipient Number 436040

**Consolidated Financial Statements with Supplementary Information
December 31, 2013 and 2012, with
Independent Auditors' Report**

LEGAL AID SOCIETY OF CINCINNATI
December 31, 2013 and 2012
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Independent Auditors' Report

To the Board of Trustees
Legal Aid Society of Cincinnati
Cincinnati, Ohio

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Legal Aid Society of Cincinnati (nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities, functional expense, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Legal Aid Society of Cincinnati as of December 31, 2013 and 2012 and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report
(Continued)**

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and supplemental schedule of activities are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Additionally, the consolidating statement of financial position and summarized statement of activities shown on pages 17 through 19 are presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements of the Organization. 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2014, on our consideration of Legal Aid Society of Cincinnati'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* and should be considered in assessing the results of our audit.

Burns, Donning & Co., Ltd.

April 30, 2014
Cincinnati, Ohio

LEGAL AID SOCIETY OF CINCINNATI

**Consolidated Statements of Financial Position
December 31, 2013 and 2012**

	2013	2012
Assets		
Cash and cash equivalents	\$ 977,553	\$ 1,300,572
Cash held in trust for clients	26,173	40,489
Investments	3,047,878	2,801,932
Grants and contracts receivable	288,323	474,202
Contributions receivable, net	506,780	498,381
Property and equipment, net	3,637,778	3,662,766
Other	100,208	167,740
Total assets	\$ 8,584,693	\$ 8,946,082
Liabilities and Net Assets		
Liabilities		
Note payable, bank	\$ 1,706,911	\$ 1,789,948
Accounts payable	77,100	81,757
Accrued annual leave	283,885	292,582
Other accrued liabilities	72,879	78,858
Assets held for others	26,172	40,489
Interest rate swap agreement	60,220	214,396
Total liabilities	2,227,167	2,498,030
Net Assets		
Unrestricted		
Operating	1,659,034	1,580,258
Net investment in property and equipment	1,870,647	1,658,422
Board designated	1,283,862	1,277,240
	4,813,543	4,515,920
Temporarily restricted	898,887	1,287,036
Permanently restricted	645,096	645,096
Total net assets	6,357,526	6,448,052
Total liabilities and net assets	\$ 8,584,693	\$ 8,946,082

See accompanying notes to consolidated financial statements

LEGAL AID SOCIETY OF CINCINNATI

**Consolidated Statements of Activities
Years Ended December 31, 2013 and 2012**

	2013	2012
Changes in unrestricted net assets		
Revenue, gains and other support		
Other grants and contracts	\$ 1,978,593	\$ 2,130,128
Ohio Legal Aid Fund	1,640,214	1,895,770
Grants from Legal Services Corporation	1,385,391	1,356,699
Investment return	560,276	313,333
Rental income	233,506	229,928
Contributions	210,630	373,476
Other	118,254	60,870
Change in value of interest rate swap agreement	154,176	(55,067)
United Way	142,498	142,955
Donated services and materials	82,131	98,501
Net assets released from restrictions:		
United Way	478,000	486,095
Other	530,061	134,285
Total revenue, gains and other support	7,513,730	7,166,973
Expenses		
Housing and consumer program	1,297,062	1,591,149
Employment and benefits program	1,507,990	1,439,878
Family and children program	2,786,523	2,820,591
General and civil program	495,597	524,276
Total program services	6,087,172	6,375,894
Management and general	810,933	680,162
Fundraising	79,021	81,714
Rental property	238,981	232,991
Total expenses	7,216,107	7,370,761
Change in unrestricted net assets	297,623	(203,788)
Changes in temporarily restricted net assets		
Grants	140,000	797,500
United Way of Greater Cincinnati	479,912	478,000
Net assets released from restrictions	(1,008,061)	(620,380)
Change in temporarily restricted net assets	(388,149)	655,120
Change in net assets	(90,526)	451,332
Net assets, beginning of year	6,448,052	5,996,720
Net assets, end of year	\$ 6,357,526	\$ 6,448,052

See accompanying notes to consolidated financial statements

LEGAL AID SOCIETY OF CINCINNATI

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2013**

	<u>Housing and Consumer Program</u>	<u>Employment and Benefits Program</u>	<u>Family and Children Program</u>	<u>General Civil Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Rental Property</u>	<u>Total Expenses</u>
Salaries	\$ 833,808	\$ 919,329	\$ 1,822,799	\$ 309,336	\$ 282,889	\$ 53,931	\$ -	\$ 4,222,092
Employee benefits	255,863	249,385	463,218	103,879	63,066	25,390	-	1,160,801
Payroll taxes	55,371	65,808	137,229	23,938	19,349	4,126	-	305,821
Total salaries and related expenses	1,145,042	1,234,522	2,423,246	437,153	365,304	83,447	-	5,688,714
Professional fees - client service	-	1,755	184,284	1,349	145	-	-	187,533
Professional fees	6,321	48,254	100,187	16,062	22,090	-	7,700	200,614
Specific assistance to individuals	67,479	-	-	-	-	-	-	67,479
Litigation and advocacy	17,689	4,323	17,741	-	22	-	-	39,775
Supplies	13,239	11,124	17,764	3,052	39,813	-	109	85,101
Telephone	7,146	6,276	10,192	2,102	22,648	-	3,184	51,548
Postage and shipping	4,630	4,663	7,552	1,778	13,237	-	116	31,976
Occupancy	46,398	120,952	154,019	51,132	62,940	-	87,376	522,817
Training and travel	26,084	40,525	66,760	1,076	25,951	-	-	160,396
Subscriptions and publications	994	4,606	5,534	1,743	15,477	-	-	28,354
Membership dues	7,159	3,707	12,764	808	14,141	-	-	38,579
Insurance	1,642	1,265	2,188	403	11,183	-	6,000	22,681
Equipment rental and maintenance	7,625	3,941	8,282	1,110	25,344	-	-	46,302
Interest and investment fees	133	646	700	276	26,363	-	88,153	116,271
Depreciation and amortization	19,547	22,805	42,352	7,602	16,289	-	46,204	154,799
Intercompany eliminations and other	(74,066)	(1,374)	(267,042)	(30,049)	149,986	(4,426)	139	(226,832)
	<u>\$ 1,297,062</u>	<u>\$ 1,507,990</u>	<u>\$ 2,786,523</u>	<u>\$ 495,597</u>	<u>\$ 810,933</u>	<u>\$ 79,021</u>	<u>\$ 238,981</u>	<u>\$ 7,216,107</u>

See accompanying notes to consolidated financial statements

LEGAL AID SOCIETY OF CINCINNATI

Consolidated Statement of Functional Expenses Year Ended December 31, 2012

	Housing and Consumer Program	Employment and Benefits Program	Family and Children Program	General Civil Program	Management and General	Fundraising	Rental Property	Total Expenses
Salaries	\$ 965,254	\$ 923,477	\$ 1,769,360	\$ 326,304	\$ 292,213	\$ 78,114	\$ -	\$ 4,354,722
Employee benefits	316,415	214,851	385,331	102,787	97,266	-	-	1,116,650
Payroll taxes	76,883	71,808	128,983	26,452	28,440	-	-	332,566
Total salaries and related expenses	1,358,552	1,210,136	2,283,674	455,543	417,919	78,114	-	5,803,938
Professional fees - client service	-	-	130,432	1,519	-	-	-	131,951
Professional fees	25,503	69,523	156,402	5,903	27,616	3,093	7,850	295,890
Specific assistance to individuals	69,224	-	-	-	-	-	-	69,224
Litigation and advocacy	34,326	5,353	20,755	(15)	321	-	-	60,740
Supplies	14,893	14,404	17,759	2,998	43,081	-	330	93,465
Telephone	11,484	6,636	16,160	1,864	5,318	-	2,987	44,449
Postage and shipping	2,372	1,539	2,878	586	27,681	400	135	35,591
Occupancy	49,686	108,181	142,956	56,885	75,968	-	82,162	515,838
Training and travel	22,918	31,365	60,823	1,344	10,252	107	-	126,809
Subscriptions and publications	2,023	1,974	2,169	755	27,102	-	-	34,023
Membership dues	7,347	2,794	8,398	686	14,428	-	-	33,653
Insurance	8,644	4,227	11,147	1,709	4,892	-	6,000	36,619
Equipment rental and maintenance	8,333	5,150	11,594	2,145	18,568	-	-	45,790
Interest and investment fees	28	257	275	99	29,302	-	83,426	113,387
Depreciation and amortization	24,644	23,470	45,767	8,215	15,256	-	49,442	166,794
Intercompany eliminations and other	(48,828)	(45,131)	(90,598)	(15,960)	(37,542)	-	659	(237,400)
	\$ 1,591,149	\$ 1,439,878	\$ 2,820,591	\$ 524,276	\$ 680,162	\$ 81,714	\$ 232,991	\$ 7,370,761

See accompanying notes to consolidated financial statements

LEGAL AID SOCIETY OF CINCINNATI

**Consolidated Statements of Cash Flows
Years Ended December 31, 2013 and 2012**

	2013	2012
Cash flows from operating activities		
Change in net assets	\$ (90,526)	\$ 451,332
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	154,799	166,793
Net realized and unrealized gains on investments	(488,840)	(238,114)
Change in value of interest rate swap agreement	(154,176)	55,067
Changes in:		
Grants and contracts receivable	185,879	(150,302)
Contributions receivable	(8,399)	53,064
Other accounts receivable	-	1,229
Other assets	62,817	(65,488)
Accounts payable	(4,657)	(1,581)
Accrued annual leave and other accrued liabilities	(14,676)	(17,269)
Deferred equipment lease incentive	-	(10,600)
	<u>(357,779)</u>	<u>244,131</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(125,096)	(152,530)
Purchase of investments	(378,051)	(781,901)
Proceeds from sale of investments	620,944	927,904
	<u>117,797</u>	<u>(6,527)</u>
Net cash provided (used) by investing activities		
Cash flows from financing activities		
Principal payments on long-term debt	(83,037)	(73,675)
	<u>(83,037)</u>	<u>(73,675)</u>
Net change in cash and cash equivalents	(323,019)	163,929
Cash and cash equivalents, beginning of year	<u>1,300,572</u>	<u>1,136,643</u>
Cash and cash equivalents, end of year	<u>\$ 977,553</u>	<u>\$ 1,300,572</u>
Supplemental cash flows information		
Interest paid	\$ 88,153	\$ 83,426

See accompanying notes to consolidated financial statements

LEGAL AID SOCIETY OF CINCINNATI

Notes to Consolidated Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation

The consolidated financial statements include the accounts of the Legal Aid of Society of Cincinnati (d.b.a. Legal Aid of Society of Greater Cincinnati) (LASGC), its wholly owned subsidiary, the Community Law Center Real Estate Company (CLC), and its single-member limited liability company, the Legal Aid Society of Southwest Ohio, LLC (LASSO). These entities are collectively referred to as "the Society". LASGC is incorporated in the State of Ohio as a charitable organization. The purposes of LASGC are to secure justice for and to protect the legal rights of the indigent in civil matters, to promote measures for their assistance, to employ attorneys and other qualified individuals to represent, advise and defend person served by LASGC, to develop knowledge of and interest in the work of LASGC among law students and others and to do all things deemed desirable to carry out the charitable purposes of LASGC.

LASGC is dependent on funds from public support and grants from governmental agencies. A major source of government grants is the Legal Services Corporation (LSC), a nonprofit organization formed to administer legal service programs.

CLC was formed to purchase an office building, which is primarily rented by the Society for its main offices. Excess space in this building is presently rented to others. LASSO was formed to provide legal services using funds other than those of LSC and to utilize a name that better reflects the Society's seven county Southwest Ohio service area. All significant intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets which have no donor-imposed restriction; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets which have donor-imposed restriction which do not expire.

Cash and Cash Equivalents

The Society considers bank deposits and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At December 31, 2013 and 2012, cash equivalents consisted primarily of money market accounts. The Society maintains its cash in bank deposit accounts, which at times, exceed federally insured limits. The Society has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Cash Held in Trust for Clients

The Society receives advances from clients for payment ordered by the court in connection with litigation proceedings. These amounts are maintained in separate bank accounts and are not available for use in current operations.

LEGAL AID SOCIETY OF CINCINNATI

Notes to Consolidated Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividends, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment are stated at cost and depreciated on a straight-line basis over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from contributed services consisted primarily of donated attorney services and benefited all programs.

Government Grants

Support funded by grants is recognized as the Society performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

LEGAL AID SOCIETY OF CINCINNATI

Notes to Consolidated Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Society maintains purchase of services agreements with various governments and not-for-profit organizations whereby these entities purchase certain types of legal services from the Society. The Society has discretion in determining which legal services within the contract terms will be provided. Revenue from the agreements is recognized monthly in the amount of the expenses incurred, or billings made, up to the contract amount.

Revenue Concentrations

At December 31, 2013 and 2012, there were four funders that comprised 59% and 57%, respectively, of the total grants and contracts receivable balance. The Society received funding from two organizations that comprised 50% and 45% of total revenue, gains and other support during 2013 and 2012, respectively.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes

The Society is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio law. However, the Society is subject to federal income tax on any unrelated business taxable income.

The Society's IRS Form 990 is subject to review and examination by federal and state authorities. The Society believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements. The Society is generally no longer subject to examinations by tax authorities for years before 2010.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general, fund raising and rental property categories based upon actual time incurred by the advocates and other allocation methods.

Subsequent Events

The Society has evaluated subsequent events through April 30, 2014, which is the date the financial statements were available to be used.

LEGAL AID SOCIETY OF CINCINNATI

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 2 INVESTMENTS

Investments at December 31 consisted of the following:

	2013	2012
Equity securities	\$ 2,246,633	\$ 2,010,415
Corporate debt securities	542,171	588,764
U.S. Government obligations	173,597	123,747
Mortgage backed securities	63,681	59,344
Funds held at Greater Cincinnati Foundation	21,796	19,662
	\$ 3,047,878	\$ 2,801,932

Total investment return is comprised of the following:

	2013	2012
Interest and dividend income	\$ 71,436	\$ 75,219
Net realized and unrealized gains on investment reported at fair value	488,840	238,114
	\$ 560,276	\$ 313,333

NOTE 3 CONTRIBUTIONS RECEIVABLE

Temporarily restricted contributions receivable consisted of the following:

	2013	2012
Due within one year	\$ 506,780	\$ 508,381
Less allowance for uncollectible pledges	-	(10,000)
	\$ 506,780	\$ 498,381

NOTE 4 PROPERTY AND EQUIPMENT

The Society's wholly owned subsidiary, CLC, was established for the purpose of acquiring an office building to house the Society's main offices. During 2013 and 2012, the Society occupied approximately sixty-five percent of the building and leased the remaining available space.

	2013	2012
Land	\$ 1,796,727	\$ 1,796,727
Building and improvements	3,741,680	3,636,024
Leasehold improvements	75,228	75,228
Office furniture and equipment	457,248	437,808
	6,070,883	5,945,787
Less accumulated depreciation	(2,433,105)	(2,283,021)
	\$ 3,637,778	\$ 3,662,766

Total depreciation expense was \$150,084 and \$162,078 for 2013 and 2012, respectively.

LEGAL AID SOCIETY OF CINCINNATI

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 5 NOTE PAYABLE

In November 2012 the Society's amortizing term loan was refinanced and extended with maturity in November 2027. The balance of the loan was \$1,706,911 and \$1,789,948 at December 31, 2013 and 2012, respectively. Principal and interest is payable monthly, with a variable interest rate of one month LIBOR plus 1.75% (1.9177% at December 31, 2013). The term loan is collateralized by substantially all of CLC's assets and guaranteed by the Society.

Future payments at December 31, 2013, were:

2014	\$	87,668
2015		92,172
2016		96,907
2017		101,885
2018		107,119
Thereafter		<u>1,221,160</u>
		<u>\$ 1,706,911</u>

NOTE 6 INTEREST RATE SWAP AGREEMENT

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations in prior years, the Society entered into an interest rate swap agreement. The agreement provides for the Society to receive interest from the counterparty at LIBOR plus 1.75% and to pay interest to the counterparty at a fixed rate of 5.02% on the notional amount of \$1,713,117 and \$1,796,154 at December 31, 2013 and 2012, respectively. Under the agreement, the Society pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The agreement is recorded at its fair value with subsequent changes in fair value included in revenues, gains and other support.

NOTE 7 NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Moving Ohio Forward	\$ 218,975	\$ 445,715
For periods after December 31	<u>679,912</u>	<u>841,321</u>
	<u>\$ 898,887</u>	<u>\$ 1,287,036</u>

Permanently Restricted Net Assets

Permanently restricted net assets at December 31, 2013 and 2012 are restricted to investment in perpetuity, the income of which is expendable to support any activity of the Society. Permanently restricted net assets were \$645,096 at both December 31, 2013 and 2012.

LEGAL AID SOCIETY OF CINCINNATI

Notes to Consolidated Financial Statements (Continued)

NOTE 8 ENDOWMENT

The Society's endowment of consists of a \$645,096 permanently restricted donor-restricted endowment fund established through the "Help Make Things Happen" fundraising campaign. As required by GAAP, net assets associated with endowment funds, including board designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Society has adopted investment and spending policies for endowment and other invested assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Society must hold in perpetuity. Under the Society's policies, endowment assets are invested in a manner that is intended to produce results that exceed market benchmarks for blended equity and fixed income securities while assuming a moderate level of investment risk. Actual returns in any given year may vary.

To satisfy its long-term rate of return objectives, the Society relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Society targets a diversified asset allocation that places greater emphasis on equity-based investment to achieve its long-term return objectives within prudent risk constraints.

The Society has a spending policy that allows appropriating for expenditure each year up to 4.0% of the total investment account value, including its endowment fund's average fair value at the prior year end. In addition, the policy requires that the historic value of the endowment fund be preserved. If the Society does not appropriate the full amount permitted by the spending policy, such amounts may be appropriated in future years. In establishing this policy, the Society considered the long-term expected return on its endowment and other invested assets. The Society's objective is to maintain the purchasing power of endowment and invested assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. Endowment and investments earnings were \$252,440 and \$109,707 for December 31, 2013 and 2012, respectively. The Society expended all earnings on its endowment fund.

NOTE 9 RELATED PARTY TRANSACTIONS

The Volunteer Lawyers for the Poor Foundation (VLP) is a nonprofit corporation whose purpose is to recruit and maintain a reservoir of volunteer lawyers to provide legal services that supplement the Society's ability to serve indigent residents. The Society contributes administrative support to VLP, refers legal cases to lawyers engaged by VLP and assists in the recruitment of volunteer lawyers. The cost of this administrative support amounts to approximately \$305,000 and \$272,000 in 2013 and 2012, respectively.

LEGAL AID SOCIETY OF CINCINNATI

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 10 OTHER GRANTS AND CONTRACTS

Other grants and contracts during 2013 and 2012 consisted of the following:

	2013	2012
Community Development Block Grant		
Cincinnati	\$ 150,780	\$ 150,000
Middletown	13,565	6,435
Project Able/ Rehab Services Commission	37,262	83,215
Guardian Ad Litem - Butler County	625,600	605,745
Social Security Administration Benefits Planning Assistance & Outreach	44,790	53,748
Health Access Advocacy Grants	54,099	155,875
Ohio Attorney General VOCA	38,947	85,242
Stabilizing Neighborhoods through Secure Housing	119,325	76,100
Violence Against Women	244,490	37,495
Child Help	141,500	115,150
Team Child	110,004	110,004
CHIPRA	144,214	162,522
MSD Ombudsman Program	22,302	43,326
Butler County Earned Income Tax Credit Program	15,000	45,000
Attorney/ Staff Fellowships	26,500	40,500
Emergency Mortgage Assistance Cincinnati	116,979	105,615
Kids in School Rule	47,339	154,176
Other	25,897	99,980
	\$ 1,978,593	\$ 2,130,128

NOTE 11 RENTAL INCOME

The Society rents office and parking space to various tenants with leases expiring through 2017. The following is a schedule of future minimum rent income under the operating leases with these tenants:

2014	\$ 196,973
2015	159,499
2016	144,168
2017	121,698
	\$ 622,338

NOTE 12 OPERATING LEASES

Non-cancellable operating leases for certain office space and office equipment expire in various years through 2018. One lease contains a renewable option for an additional five year period. Future minimum lease payments at December 31, 2013, were:

2014	\$ 21,861
2015	21,861
2016	16,378
2017	16,378
2018	12,466
	\$ 88,944

Equipment and office rent expense was approximately \$111,000 and \$107,000 in 2013 and 2012, respectively.

LEGAL AID SOCIETY OF CINCINNATI

Notes to Consolidated Financial Statements (Continued)

NOTE 13 PENSION PLAN

The Society has a defined contribution pension plan covering substantially all employees. The Society is required to contribute 7.8% of the participants' annual compensation, net of any forfeitures that have reverted to the Society. Pension expense was approximately \$317,000 and \$315,000 for 2013 and 2012, respectively.

NOTE 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of an asset is considered to be the price at which the asset could be sold in an orderly transaction between unrelated knowledgeable and willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. Assets and liabilities recorded at fair value are measured using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- **Level 1** – Observable inputs that reflect quoted prices in active markets
- **Level 2** – Inputs other than quoted prices in active markets that are either directly or indirectly observable
- **Level 3** – Unobservable inputs in which little or no market data exists, therefore requiring the organization to develop its own assumptions

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31:

<u>2013</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Investments			
Equity securities	\$ 2,246,633	\$ 2,246,633	\$ -
Corporate debt securities	542,171	-	542,171
U.S. Government obligations	173,597	-	173,597
Mortgage backed securities	63,681	-	63,681
Funds held at Greater Cincinnati Foundation	21,796	21,796	-
Interest rate swap (liability)	60,220	-	60,220
<u>2012</u>			
Investments			
Equity securities	\$ 2,010,415	\$ 2,010,415	\$ -
Corporate debt securities	588,764	-	588,764
U.S. Government obligations	123,747	-	123,747
Mortgaged back securities	59,344	-	59,344
Funds held at Greater Cincinnati Foundation	19,662	19,662	-
Interest rate swap (liability)	214,396	-	214,396

There were no valuations using level 3 inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position.

LEGAL AID SOCIETY OF CINCINNATI

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 14 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Investments

Fair value is based on observable market quotes, if available. If a quoted market price is not available, fair value is estimated using quoted prices for similar securities.

Interest Rate Swap

The interest rate swap is valued by a third party utilizing models that use as their basis readily observable market parameters.

Additional Disclosures about Fair Value of Financial Instruments

The differences between the estimated fair value and carrying value of the Society's financial instruments were not significant at December 31, 2013 and 2012. The following summarizes the major methods and assumptions used to estimate the fair value of all other financial instruments recognized in the financial statements at amounts other than fair value.

Cash and Cash Equivalents

The carrying amount approximates fair value because of the short maturities of the instruments.

Contributions Receivable

Fair value is estimated as the present value of the future payments expected to be received.

Note Payable

Fair value is estimated based on the borrowing rates currently available to the Society for bank loans with similar terms and maturities.

SUPPLEMENTARY INFORMATION

LEGAL AID SOCIETY OF CINCINNATI

**Consolidating Statement of Financial Position
December 31, 2013**

	Legal Aid Society of Cincinnati	Legal Aid Society of Southwest Ohio	Community Law Center Real Estate Company	Eliminations	Consolidated Total
Assets					
Cash and cash equivalents	\$ 532,650	\$ 322,721	\$ 122,182	\$ -	\$ 977,553
Cash held in trust for clients	529	25,644	-	-	26,173
Investments	3,047,878	-	-	-	3,047,878
Grants and contracts receivable	288,323	-	-	-	288,323
Contributions receivable, net	503,064	685,375	-	(681,659)	506,780
Accounts receivable from subsidiary	1,000,000	-	-	(1,000,000)	-
Property and equipment, net	92,669	-	3,545,109	-	3,637,778
Investment in subsidiary	1,896,397	-	-	(1,896,397)	-
Other	64,235	21,796	14,177	-	100,208
Total assets	<u>\$ 7,425,745</u>	<u>\$ 1,055,536</u>	<u>\$ 3,681,468</u>	<u>\$ (3,578,056)</u>	<u>\$ 8,584,693</u>
Liabilities and Net Assets					
Liabilities					
Note payable, bank	\$ -	\$ -	\$ 1,706,911	\$ -	\$ 1,706,911
Accounts payable	740,119	18,640	-	(681,659)	77,100
Accounts payable to parent	-	1,000,000	-	(1,000,000)	-
Accrued annual leave	303,297	(19,412)	-	-	283,885
Other accrued liabilities	23,789	30,665	18,425	-	72,879
Assets held for others	529	25,643	-	-	26,172
Interest rate swap agreement	-	-	60,220	-	60,220
Total liabilities	<u>1,067,734</u>	<u>1,055,536</u>	<u>1,785,556</u>	<u>(1,681,659)</u>	<u>2,227,167</u>
Net Assets					
Unrestricted					
Operating	3,437,497	-	117,934	(1,896,397)	1,659,034
Net investment in property and equipment	92,669	-	1,777,978	-	1,870,647
Board designated	1,283,862	-	-	-	1,283,862
	<u>4,814,028</u>	<u>-</u>	<u>1,895,912</u>	<u>(1,896,397)</u>	<u>4,813,543</u>
Temporarily restricted	898,887	-	-	-	898,887
Permanently restricted	645,096	-	-	-	645,096
Total net assets	<u>6,358,011</u>	<u>-</u>	<u>1,895,912</u>	<u>(1,896,397)</u>	<u>6,357,526</u>
Total liabilities and net assets	<u>\$ 7,425,745</u>	<u>\$ 1,055,536</u>	<u>\$ 3,681,468</u>	<u>\$ (3,578,056)</u>	<u>\$ 8,584,693</u>

LEGAL AID SOCIETY OF CINCINNATI

Consolidating Statement of Activities Year Ended December 31, 2013

	Legal Aid Society of Cincinnati	Legal Aid Society of Southwest Ohio	Community Law Center Real Estate Company	Eliminations	Consolidated Total
Changes in unrestricted net assets					
Revenue, gains and other support					
Contributions	\$ 210,114	\$ 516	\$ -	\$ -	\$ 210,630
Donated services and materials	82,131	-	-	-	82,131
Ohio Legal Aid Fund	1,640,214	-	-	-	1,640,214
Grants from Legal Services Corporation	1,385,391	-	-	-	1,385,391
United Way	142,498	-	-	-	142,498
Other grants and contracts	1,978,593	-	-	-	1,978,593
Rental income	-	-	546,715	(313,209)	233,506
Investment return	637,667	-	-	(77,391)	560,276
Other	34,033	82,346	1,875	-	118,254
Gain on investment in subsidiary	222,648	-	-	(222,648)	-
Intercompany revenue	(4,158,087)	4,158,087	-	-	-
Change in value of interest rate swap agreement	-	-	154,176	-	154,176
Net assets released from restrictions:					
United Way	478,000	-	-	-	478,000
Other	530,061	-	-	-	530,061
Total revenue, gains and other support	<u>3,183,263</u>	<u>4,240,949</u>	<u>702,766</u>	<u>(613,248)</u>	<u>7,513,730</u>
Expenses					
Housing and consumer program	219,747	1,104,222	43,405	(70,312)	1,297,062
Employment and benefits program	835,305	704,076	50,639	(82,030)	1,507,990
Family and children program	1,074,510	1,770,312	94,043	(152,342)	2,786,523
General and civil program	233,152	272,908	16,880	(27,343)	495,597
Total program services	<u>2,362,714</u>	<u>3,851,518</u>	<u>204,967</u>	<u>(332,027)</u>	<u>6,087,172</u>
Management and general	449,600	383,756	36,170	(58,593)	810,933
Fundraising	73,346	5,675	-	-	79,021
Rental property	-	-	238,981	-	238,981
Total expenses	<u>2,885,660</u>	<u>4,240,949</u>	<u>480,118</u>	<u>(390,620)</u>	<u>7,216,107</u>
Change in unrestricted net assets	<u>297,603</u>	<u>-</u>	<u>222,648</u>	<u>(222,628)</u>	<u>297,623</u>
Changes in temporarily restricted net assets					
Grants	140,000	-	-	-	140,000
United Way of Greater Cincinnati	479,912	-	-	-	479,912
Net assets released from restrictions	(1,008,061)	-	-	-	(1,008,061)
Change in temporarily restricted net assets	<u>(388,149)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(388,149)</u>
Change in net assets	<u>(90,546)</u>	<u>-</u>	<u>222,648</u>	<u>(222,628)</u>	<u>(90,526)</u>
Net assets, beginning of year	<u>6,448,557</u>	<u>-</u>	<u>1,673,264</u>	<u>(1,673,769)</u>	<u>6,448,052</u>
Net assets, end of year	<u>\$ 6,358,011</u>	<u>\$ -</u>	<u>\$ 1,895,912</u>	<u>\$ (1,896,397)</u>	<u>\$ 6,357,526</u>

LEGAL AID SOCIETY OF CINCINNATI

**Supplemental Schedule of Activities
Year Ended December 31, 2013**

	Legal Services Corporation	PAI	Other	Total
Revenue, gains and other support				
United Way	\$ -	\$ -	\$ 622,410	\$ 622,410
Grants from Legal Services Corporation	1,385,391	-	-	1,385,391
Ohio Legal Aid Fund	-	305,390	1,334,824	1,640,214
Other grants and contracts	-	-	2,118,593	2,118,593
Contributions	-	-	210,630	210,630
Other revenue	-	-	912,036	912,036
Donated services and materials	-	-	82,131	82,131
Change in value of interest rate swap agreement	-	-	154,176	154,176
Total revenue, gains and other support	<u>1,385,391</u>	<u>305,390</u>	<u>5,434,800</u>	<u>7,125,581</u>
Expenses				
Salaries	1,072,427	205,608	2,944,057	4,222,092
Employee benefits	226,886	79,293	854,622	1,160,801
Payroll taxes	81,698	15,066	209,057	305,821
Professional fees and related contract services	4,380	-	383,767	388,147
Specific assistance to individuals	-	-	67,479	67,479
Litigation and advocacy	-	-	39,775	39,775
Supplies	-	-	85,101	85,101
Telephone	-	-	51,548	51,548
Postage and shipping	-	-	31,976	31,976
Occupancy	-	5,020	517,797	522,817
Training and travel	-	153	160,243	160,396
Subscriptions and publications	-	-	28,354	28,354
Membership dues	-	250	38,329	38,579
Insurance	-	-	22,681	22,681
Equipment rental and maintenance	-	-	46,302	46,302
Interest and investment fees	-	-	116,271	116,271
Depreciation and amortization	-	-	154,799	154,799
Other	-	-	(226,832)	(226,832)
Total expenses	<u>1,385,391</u>	<u>305,390</u>	<u>5,525,326</u>	<u>7,216,107</u>
Change in net assets	-	-	(90,526)	(90,526)
Net assets, beginning of year	-	-	6,448,052	6,448,052
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,357,526</u>	<u>\$ 6,357,526</u>

Note to Schedule:

The Supplemental Schedule of Activities is required by Legal Services Corporation for all recipients receiving LSC funding to encourage private attorney involvement (PAI).

LEGAL AID SOCIETY OF CINCINNATI

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013**

Federal Agency/ Pass Through Entity	Federal CFDA Number	Award Number	Federal Expenditures
Legal Services Corporation	9.436040	436040	<u>\$ 1,385,391</u>
U.S. Department of Housing and Urban Development			
<i>Passed through City of Cincinnati</i>			
Community Development Block Grant	14.218	05X2010-092 & 45x2014-049	150,780
Emergency Mortgage Assistance	14.218	05X2010-093	116,979
<i>Passed through City of Middletown</i>			
Community Development Block Grant	14.218	None	<u>13,565</u>
Total for CFDA 14.218			<u>281,324</u>
Total U.S. Department of Housing and Urban Development			<u>281,324</u>
U.S. Department of Justice			
<i>Direct Award</i>			
Legal Assistance for Victims Grant Program	16.524	2012-WL-AX-0041	154,778
<i>Passed through Ohio Attorney General</i>			
Crime Victim Assistance	16.575	None	<u>38,947</u>
Total U.S. Department of Justice			<u>193,725</u>
U.S. Department of Health and Human Services			
<i>Direct Award</i>			
ACYF Children's Bureau - Kids in School Rule	93.652	90CO1077/01	47,399
CHIPRA - Children's Health Insurance Program Outreach and Enrollment Grant	93.767	1Z0CMS330837-01-00	144,214
<i>Passed through Ohio Department of Aging</i>			
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	None	<u>1,411</u>
Total U.S. Department of Health and Human Services			<u>193,024</u>
Social Security Administration			
<i>Direct Award</i>			
SSA Benefits Planning Assistance and Outreach Program	96.008	1WIP13050319-01-00	<u>44,790</u>
			<u>\$ 2,098,254</u>

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Legal Aid Society of Greater Cincinnati ("the Society") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
2. The Society provided no federal awards to subrecipients.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Legal Aid Society of Greater Cincinnati

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 consolidated financial statements of the Legal Aid Society of Greater Cincinnati (Organization) as of and for the year ended December 31, 2013 and the related notes to the consolidated financial statements, which collectively comprise the Organization's basic consolidated financial statements and have issued our report thereon dated April 30, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is 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 the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April 30, 2014
Cincinnati, Ohio



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Legal Aid Society of Greater Cincinnati

Report on Compliance for Each Major Federal Program

We have audited Legal Aid Society of Greater Cincinnati (Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement and Compliance Supplement for audits of LSC Recipients* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2013. The Organization'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 the Organization's major federal programs based on our audit for 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; 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 the Organization'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. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

Opinion on Each Major Program

In our opinion, Legal Aid Society of Greater Cincinnati complied, in all material respects, with the 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, 2013.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the Organization's internal control over compliance.

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)**

Report on Internal Control over Compliance (Continued)

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Burner, Demmig & Co., Ltd.

April 30, 2014
Cincinnati, Ohio

LEGAL AID SOCIETY OF CINCINNATI.

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2013**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs

CFDA No.	Name of Federal Programs or Clusters
9.43604	Legal Services Corporation

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement Findings

No matters are reportable

Section III – Federal Award Findings and Questioned Costs

No matters are reportable

LEGAL AID SOCIETY OF CINCINNATI

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2013**

Reference Number	Summary of Finding	Status
	No matters are reportable	