

Northern Kentucky Legal Aid Society, Inc.
(DBA Legal Aid of the Bluegrass)
LSC Recipient Number 618004

Financial Statements with Supplementary Information
December 31, 2015 and 2014, and
Independent Auditors' Report

NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)
December 31, 2015 and 2014

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Independent Auditors' Report

To the Board of Directors
Northern Kentucky Legal Aid Society, Inc. (DBA Legal Aid of the Bluegrass)
Covington, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Kentucky Legal Aid Society, Inc. (DBA Legal Aid of the Bluegrass) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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 Northern Kentucky Legal Aid Society, Inc. (DBA Legal Aid of the Bluegrass) as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report
(Continued)**

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompany schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Additionally, the supplemental schedules on pages 20 - 28 are presented for purpose 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 April 29, 2016 on our consideration of Northern Kentucky Legal Aid Society, Inc.'s (DBA Legal Aid of the Bluegrass) 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 the Northern Kentucky Legal Aid Society, Inc.'s (DBA Legal Aid of the Bluegrass) internal control over financial reporting and compliance.

Burnes, Denning & Co., Ltd.

April 29, 2016
Cincinnati, Ohio

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Statements of Financial Position
December 31, 2015 and 2014**

	2015	2014
Assets		
Cash and cash equivalents	\$ 1,193,813	\$ 888,810
Accounts receivable	179,009	315,878
Contributions receivable, net	333,794	357,458
Prepaid expenses	38,959	30,840
Client escrow funds	4,169	44,725
Property and equipment, net	1,398,083	1,394,487
Total assets	\$ 3,147,827	\$ 3,032,198
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 40,658	\$ 66,732
Accrued compensated absences	73,736	54,442
Accrued payroll and payroll taxes	139,174	113,434
Client trust deposits	4,169	44,725
Deferred revenue	89,867	134,393
Notes payable	636,332	705,442
Total liabilities	983,936	1,119,168
Net Assets		
Unrestricted:		
Net investment in property and equipment	761,751	689,045
Operations	801,424	780,950
Total unrestricted net assets	1,563,175	1,469,995
Temporarily restricted	600,716	443,035
Total net assets	2,163,891	1,913,030
Total liabilities and net assets	\$ 3,147,827	\$ 3,032,198

See accompanying notes to financial statements

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Statement of Activities
Year Ended December 31, 2015**

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Grants and contracts	\$ 3,735,197	\$ -	\$ 3,735,197
Interest and other income	308	-	308
Capital campaign contributions	2,267	-	2,267
Other contributions	121,019	472,549	593,568
Rental income	21,630	-	21,630
Donated legal services	371,840	-	371,840
Net assets released from restrictions	314,868	(314,868)	-
Total support and revenue	4,567,129	157,681	4,724,810
Expenses			
Salaries and benefits:			
Lawyers	1,186,196	-	1,186,196
Non-lawyers	948,396	-	948,396
Lawyer's salaries - donated	371,840	-	371,840
Employee benefits	815,146	-	815,146
Total salaries and benefits	3,321,578	-	3,321,578
Grant to KEJCF	50,816	-	50,816
Contract services	403,281	-	403,281
Travel	90,648	-	90,648
Space and occupancy	110,730	-	110,730
Publications, dues and fees	24,110	-	24,110
Library updates	52,326	-	52,326
Telephone	70,715	-	70,715
Depreciation	58,546	-	58,546
Office expense	105,828	-	105,828
Litigation costs	10,066	-	10,066
Equipment rental, purchase and repair	66,669	-	66,669
Interest expense	32,409	-	32,409
Seminars and training	14,076	-	14,076
Insurance	29,976	-	29,976
Bad debt expense	13,352	-	13,352
Miscellaneous expense	18,823	-	18,823
Total expenses	4,473,949	-	4,473,949
Change in net assets	93,180	157,681	250,861
Net assets, beginning of year	1,469,995	443,035	1,913,030
Net assets, end of year	\$ 1,563,175	\$ 600,716	\$ 2,163,891

See accompanying notes to financial statements

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Statement of Activities
Year Ended December 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Grants and contracts	\$ 3,568,212	\$ -	\$ 3,568,212
Interest and other income	12,709	-	12,709
Capital campaign contributions	15,872	72,768	88,640
Other contributions	141,140	334,020	475,160
Rental income	21,000	-	21,000
Donated legal services	284,800	-	284,800
Net assets released from restrictions	274,142	(274,142)	-
Total support and revenue	<u>4,317,875</u>	<u>132,646</u>	<u>4,450,521</u>
Expenses			
Salaries and benefits:			
Lawyers	1,172,068	-	1,172,068
Non-lawyers	922,853	-	922,853
Lawyer's salaries - donated	284,800	-	284,800
Employee benefits	811,961	-	811,961
Total salaries and benefits	<u>3,191,682</u>	<u>-</u>	<u>3,191,682</u>
Grant to KEJCF	50,396	-	50,396
Contract services	268,436	-	268,436
Travel	100,367	-	100,367
Space and occupancy	108,475	-	108,475
Publications, dues and fees	19,089	-	19,089
Library updates	52,097	-	52,097
Telephone	82,713	-	82,713
Depreciation	44,352	-	44,352
Office expense	94,842	-	94,842
Litigation costs	4,826	-	4,826
Equipment rental, purchase and repair	76,722	-	76,722
Interest expense	19,384	-	19,384
Seminars and training	8,357	-	8,357
Insurance	29,264	-	29,264
Miscellaneous expense	23,596	-	23,596
Total expenses	<u>4,174,598</u>	<u>-</u>	<u>4,174,598</u>
Change in net assets	143,277	132,646	275,923
Net assets, beginning of year	<u>1,326,718</u>	<u>310,389</u>	<u>1,637,107</u>
Net assets, end of year	<u>\$ 1,469,995</u>	<u>\$ 443,035</u>	<u>\$ 1,913,030</u>

See accompanying notes to financial statements

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Statement of Functional Expenses
Year Ended December 31, 2015**

	<u>Legal Services</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits				
Lawyers	\$ 1,103,162	\$ 59,527	\$ 23,507	\$ 1,186,196
Non-lawyers	701,813	176,071	70,512	948,396
Employee benefits	692,874	86,545	35,727	815,146
Total salaries and related expenses	2,497,849	322,143	129,746	2,949,738
Other expenses				
Grant to KEJCF	45,226	5,590	-	50,816
Contract services	358,921	44,360	-	403,281
Travel	80,677	9,572	399	90,648
Space and occupancy	98,550	11,693	487	110,730
Publications, dues and fees	21,458	2,546	106	24,110
Library updates	46,570	5,526	230	52,326
Telephone	62,936	7,468	311	70,715
Office expense	94,187	11,175	466	105,828
Litigation costs	8,959	1,107	-	10,066
Equipment purchase, rental and repair	59,336	7,040	293	66,669
Interest expense	28,844	3,422	143	32,409
Seminars and training	12,528	1,486	62	14,076
Insurance	26,678	3,166	132	29,976
Bad debt expense	11,883	1,410	59	13,352
Miscellaneous expense	16,752	1,988	83	18,823
Total expenses before donated services and depreciation	3,471,354	439,692	132,517	4,043,563
Donated services	343,962	27,878	-	371,840
Depreciation	52,106	6,182	258	58,546
	<u>\$ 3,867,422</u>	<u>\$ 473,752</u>	<u>\$ 132,775</u>	<u>\$ 4,473,949</u>

See accompanying notes to financial statements

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Statement of Functional Expenses
Year Ended December 31, 2014**

	<u>Legal Services</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits				
Lawyers	\$ 1,090,023	\$ 62,546	\$ 19,499	\$ 1,172,068
Non-lawyers	682,912	185,661	54,280	922,853
Employee benefits	690,167	99,660	22,134	811,961
Total salaries and related expenses	2,463,102	347,867	95,913	2,906,882
Other expenses				
Grant to KEJCF	44,852	5,544	-	50,396
Contract services	238,909	29,527	-	268,436
Travel	89,326	10,599	442	100,367
Space and occupancy	96,543	11,455	477	108,475
Publications, dues and fees	16,989	2,016	84	19,089
Library updates	46,367	5,501	229	52,097
Telephone	73,615	8,734	364	82,713
Office expense	84,410	10,015	417	94,842
Litigation costs	4,295	531	-	4,826
Equipment purchase, rental and repair	68,282	8,102	338	76,722
Interest expense	17,252	2,047	85	19,384
Seminars and training	7,437	883	37	8,357
Insurance	26,045	3,090	129	29,264
Miscellaneous expense	21,000	2,492	104	23,596
Total expenses before donated services and depreciation	3,298,424	448,403	98,619	3,845,446
Donated services	256,922	27,878	-	284,800
Depreciation	39,473	4,684	195	44,352
	<u>\$ 3,594,819</u>	<u>\$ 480,965</u>	<u>\$ 98,814</u>	<u>\$ 4,174,598</u>

See accompanying notes to financial statements

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Statements of Cash Flows
Years Ended December 31, 2015 and 2014**

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ 250,861	\$ 275,923
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	58,546	44,352
Provision for bad debt	13,352	-
Changes in:		
Accounts receivable	136,869	(87,017)
Contributions receivable, net	10,312	(47,069)
Prepaid expenses	(8,119)	10,459
Accounts payable	(26,074)	35,568
Accrued compensated absences	19,294	5,842
Accrued payroll and payroll taxes	25,740	37,262
Deferred revenue	(44,526)	(74,511)
	436,255	200,809
Cash flows from investing activities		
Purchase of property and equipment	(62,142)	(82,233)
Cash flows from financing activities		
Payments on notes payable	(69,110)	(46,911)
Net change in cash and cash equivalents	305,003	71,665
Cash and cash equivalents, beginning of year	888,810	817,145
Cash and cash equivalents, end of year	\$ 1,193,813	\$ 888,810
Supplemental cash flows information		
Interest paid	\$ 32,409	\$ 19,384
Long-term debt incurred for purchase of property	\$ -	\$ 463,713

See accompanying notes to financial statements

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation

Northern Kentucky Legal Aid Society, Inc. (DBA Legal Aid of the Bluegrass, and hereinafter referred to as such); (LABG), is a non-profit organization incorporated under the laws of the Commonwealth of Kentucky organized for the purpose of providing legal assistance in non-criminal proceedings to persons financially unable to afford legal assistance and who are residents of one of thirty-three counties in Northern, Northeastern and Central Kentucky.

A substantial amount of the funds to operate LABG are obtained from grant awards from Legal Services Corporation (LSC, a non-profit corporation established by Congress to administer a nationwide legal assistance program) and through the United Way of Greater Cincinnati. LABG also receives supplemental funds from the Commonwealth of Kentucky's Access to Justice Fees (Kentucky filing fees).

LABG also receives grants under the Title III of Older Americans Act. This program is designated "Helping the Elderly with Legal and Problem Solving" (HELPS) and presently is administered through various area development districts located in LABG's service areas. The portion of the program applicable to legal services has been assigned to LABG.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). LABG 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

At various times throughout the year, LABG may have cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Company (FDIC) insures account balances up to \$250,000 for each business depositor. Using these criteria, LABG had cash in excess of insured limits of \$718,134 and \$449,837 as of December 31, 2015 and 2014, respectively. In accordance with LSC guidelines, LSC funds in excess of FDIC limits that are not needed for immediate operating expenses have been invested in U.S. Treasury notes or bills, or other investment instruments, such as money market accounts or repurchase agreements that invest in U.S. government securities. This is accomplished through a daily sweep arrangement through the LABG's financial institution.

Cash Held in Trust for Clients

LABG 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.

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Notes to Financial Statements
(Continued)**

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

Accounts Receivable

Accounts receivable are stated at their contractual outstanding balances, net of any allowance for doubtful accounts. Accounts are considered past due if any portion of an account has not been paid in full within the contractual terms of the account. LABG begins to assess its ability to collect receivables that are over 90 days past due and provides for an adequate allowance for uncollectible accounts based on LABG's collection history, the financial stability and recent payment history of the customer and other pertinent factors. Based on these criteria, LABG has not recorded an allowance for doubtful accounts at December 31, 2015 and 2014.

Property and Equipment

Property and equipment are recorded at cost. Property and equipment acquired with LSC funds is considered to be owned by LABG while used in the program or in future authorized programs. However, LSC has a reversionary interest in these assets. LSC has the right to determine the use of any proceeds from the sale of assets purchased with its funds. Proceeds received from property and equipment sales that are earmarked as pertaining to LSC are separately identified in the supplemental schedules to these financial statements.

LABG follows the current LSC guidelines (and these guidelines approximate U. S. GAAP) of capitalizing the cost of all expenditures for property and equipment in excess of \$5,000. Depreciation of property and equipment is computed on a straight-line basis over the estimated service lives of the assets.

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.

Donated Services

Donated services valued by LABG at \$371,840 and \$284,800 were received from private attorneys and others assigned to work with staff attorneys during 2015 and 2014, respectively. These services were valued at the normal hourly rates for attorneys in LABG's practice areas. These services are recognized both as support and expense, and therefore do not affect net assets.

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Notes to Financial Statements
(Continued)**

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

Government Grants and Revenue Recognition

Support funded by grants is recognized as LABG performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. A receivable is recognized to the extent grant support earned exceeds cash advances. Deferred revenue is recognized to the extent cash advances exceed grant support earned.

LABG recognizes grant funds from LSC as support on a straight-line basis over the grant period. In accordance with normal LSC policies, LABG may use unexpended funds in future periods as long as expenses incurred are in compliance with the specified terms of the LSC grant, as defined. LSC may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by LABG with the terms of the grant. In addition, if LABG terminates its LSC grant activities, all unexpended funds are to be returned to LSC.

Under Kentucky law, LABG receives Access to Justice Fees. This funding is derived from filing fees in the Circuit and District Courts. Under this funding, LABG is required to maintain appropriate accounting of the use of these funds and refund annually all unused or uncommitted funds to the state. Management determined that the amounts earned during 2015 and 2014 were expended or committed in accordance with the requirements of this law.

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.

Income Taxes

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

LABG's IRS Form 990 is subject to review and examination by federal and state authorities. LABG 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.

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 and fund raising categories based upon actual time incurred by the advocates and other allocation methods.

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.

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Notes to Financial Statements
(Continued)**

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

Reclassifications

Certain reclassifications were made to the 2014 amounts in order to be consistent with the classifications adopted for reporting in 2015. These reclassifications had no effect on the change in net assets.

Subsequent Events

LABG has evaluated subsequent events through April 29, 2016, which is the date the financial statements were available to be issued.

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable at December 31 consisted of the following:

	2015	2014
Bluegrass ADD	\$ 40,657	\$ 38,822
Boone County	4,955	3,920
Buffalo Trace ADD	1,154	1,113
Campbell County	3,012	-
FIVCO ADD	24,410	49,968
Gateway ADD	4,354	4,747
HUD	53,434	58,213
LAV	1,000	109,828
LSC	5,621	-
Northern Kentucky ADD	8,260	8,143
Other organizations and local bar associations	15,137	20,635
VAWA	17,015	20,489
	\$ 179,009	\$ 315,878

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31 consisted of the following:

	2015	2014
Due within one year	\$ 337,740	\$ 331,610
Due within one to five years	29,871	46,313
	367,611	377,923
Less allowance for uncollectible pledges	(33,817)	(20,465)
	\$ 333,794	\$ 357,458

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Notes to Financial Statements
(Continued)**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consisted of the following:

	2015	2014
Land, building and improvements	\$ 1,637,117	\$ 1,637,117
Office furniture and equipment	406,827	338,746
	2,043,944	1,975,863
Less accumulated depreciation	(645,861)	(581,376)
	\$ 1,398,083	\$ 1,394,487

NOTE 5 LINE OF CREDIT

LABG has available a \$250,000 line of credit at a bank. The line charged interest at the prime rate of 3.25% at December 31, 2015 and 2014. For the years ending December 31, 2015 and 2014, there were no borrowings on the line of credit. The line was collateralized by substantially all of LABG's assets and expires in June 2016. The line of credit has an option to renew annually.

NOTE 6 NOTES PAYABLE

	2015	2014
The Organization has a note payable to a bank which financed the purchase of a building at 104 E. 7th Street in Covington, KY. The note charges a fixed interest rate of 5% and is collateralized by the real estate. Monthly payments of principal and interest are \$4,358 until June 1, 2020.	\$ 209,565	\$ 250,095
The Organization has a note payable to a bank which financed the purchase of a building at 300 East Main Street in Lexington, KY. The note charges a fixed interest rate of 4.6% and is collateralized by the real estate. Monthly payments of principal and interest are \$3,411 until September 4, 2024, at which point a balloon payment of \$185,663 is due.	414,820	435,874
The Organization has a note payable to a bank which financed the purchase of an automobile. The note charges a fixed interest rate of 4.74% and is collateralized by the automobile. Monthly payments of principal and interest are \$691 until July 1, 2017.	11,947	19,473
	\$ 636,332	\$ 705,442

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Notes to Financial Statements
(Continued)**

NOTE 6 NOTES PAYABLE (Continued)

Future principal payments at December 31, 2015, are:

2016	\$	73,005
2017		72,475
2018		71,787
2019		75,358
2020		51,564
Thereafter		292,143
		\$ 636,332

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31 held the following time or purpose restrictions:

	2015	2014
Contributions receivable	\$ 331,037	\$ 353,035
IOLTA Bank of America settlement	139,723	-
IOLTA CY PRES	59,198	-
Veterans services	70,758	90,000
	\$ 600,716	\$ 443,035

NOTE 8 OPERATING LEASES

LABG leases office fixtures and equipment, and office space under non-cancellable operating leases during the normal course of its operations. Monthly payments on these leases range from \$120 to \$2,050 per month. Total expense related to these leases was \$43,955 and \$64,312 for 2015 and 2014, respectively. Future annual minimum lease payments at December 31, 2015 are \$17,478 for 2016.

LABG leases a portion of its premises to a third party. Minimum future rental income under this non-cancellable lease as of December 31, 2015 is as follows:

2016	\$	22,833
2017		23,518
		\$ 46,351

NOTE 9 PRIVATE ATTORNEY INVOLVEMENT

LABG is obligated to spend certain grant dollars for private attorney involvement expenses. Also, all of the Kentucky filing fees must be used or committed during the year of receipt. LABG met all of these requirements for 2015 and 2014.

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Notes to Financial Statements
(Continued)**

NOTE 9 PRIVATE ATTORNEY INVOLVEMENT (Continued)

The following amounts were expended for private attorney involvement, which represented approximately 18% and 16% of the LSC basic field grant for 2015 and 2014, respectively, and 33% and 34% of Kentucky filing fees for 2015 and 2014, respectively.

	2015	2014
Salaries	\$ 117,671	\$ 119,111
Fringes	52,181	52,213
Telephone	4,243	4,963
Space - rent	2,328	3,465
Space - other	4,316	3,043
Office supplies	6,298	5,687
Library	3,140	3,126
Insurance	1,799	1,756
Audit fee	832	810
Annual recognition and training of volunteers	14,440	8,292
Contractual services	58,397	34,604
	\$ 265,645	\$ 237,070

NOTE 10 KENTUCKY EQUAL JUSTICE CENTER FUND

LABG committed \$50,816 and \$50,396 for 2015 and 2014, respectively, to the Kentucky Equal Justice Center Fund (KEJCF), for expenses for services that KEJCF provided. This funding comes from the Kentucky filing fee revenue.

NOTE 11 RETIREMENT BENEFITS

Multiple-Employer Pension Plan

LABG has elected to participate in the County Employee Retirement System (CERS), employer identification number 61-1431278, pursuant to KRS 78.510 administered by the Board of Trustees of the Kentucky Retirement System. This is a multiple-employer public retirement system which covers all eligible, full-time employees and provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of the state legislature. Benefit contributions and provisions are established by statute.

The plan is not required to file a Form 5500, therefore certain plan information is not required to be made publically available. The Kentucky Retirement System issues a publically available financial report that includes financial statements and required supplemental information from CERS. This report may be obtained by writing to the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124.

Non-hazardous plan members hired prior to September 1, 2008 are required to contribute 5 percent of annual creditable compensation, whereas those hired after this date are required to contribute 6 percent of annual creditable compensation with 1 percent of that contribution going to the KRS Insurance Fund.

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Notes to Financial Statements
(Continued)**

NOTE 11 RETIREMENT BENEFITS (Continued)

Multiple-Employer Pension Plan (Continued)

There is an underfunded benefit obligation associated with the plan. Plan sponsors are required to contribute annually at an actuarially determined rate to satisfy the unfunded obligation. The rate for the plan years ended June 30, 2015 and 2014, the year-end of the plan, was 12.75% and 13.74%, respectively, of participating members' compensations. The contribution requirement of LABG to the CERS for the years ended December 31, 2015 and 2014 was \$320,654 and \$329,570, respectively. There have been no significant changes that affect comparability of 2015 and 2014 contributions.

The following information is based on the financial statements of the Plan as of June 30:

	2015	2014
Actuarial value of assets	\$ 6,474,848,513	\$ 6,117,133,692
Actuarial accrued liability	10,740,325,421	9,772,522,616
Unfunded actuarial accrued liability	4,265,476,908	3,655,388,924
Total contributions received by the plan	298,566,000	324,231,000

Multiple-Employer Postretirement Benefits Other than Pension Plans

LABG has elected to participate in the Kentucky Retirement Systems Insurance Fund (KRS Insurance Fund), which is administered by the Board of Trustees of the Kentucky Retirement System. This is a multiple-employer public post-retirement system established to provide hospital and medical insurance for members receiving benefits from CERS and other state-backed retirement systems. The KRS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The dollar amount is subject to adjustment annually based on the retiree COLA and the Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth of Kentucky so demands.

Some spouse and dependents also qualify for the same proportion of coverage. The amount of contributions paid by the KRS Insurance Fund is based on a member's years of service. Effective January 1, 2013, the self-funding of healthcare benefits for most KRS Medicare eligible retirees ceased and these services were contracted through a fully-insured Medicare Advantage Plan with Humana Insurance Company.

Plan sponsors are required to contribute annually at an actuarially determined rate. The rate as of June 30, 2015 and 2014, the year end of the plan, was 4.92% and 5.15%, respectively, of participating members' compensations. The contribution requirement of LABG to the KRS Insurance Fund for the years ended December 31, 2015 and 2014 was \$88,266 and \$90,785, respectively. There have been no significant changes that affect comparability of 2015 and 2014 contributions.

SUPPLEMENTARY INFORMATION

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Legal Services Corporation	09.618004	KY-10 618004	\$ 1,479,070
Legal Services Corporation TIG Program	09.618004	KY-10 618004	5,621
Total for CFDA 09.618004			1,484,691
U.S. Department of Health and Human Services			
<i>Passed through Bluegrass Area Development District:</i>			
Helping the Elderly with Legal Problem Solving Title III-B of Older Americans	93.044	AS-2013-2014-2015 & AS-2015-2016	25,249
<i>Passed through Buffalo Trace Area Development District:</i>			
Helping the Elderly with Legal Problem Solving Title III-B of Older Americans	93.044	014-15-003 & 015-016-003	11,909
<i>Passed through FIVCO Area Development District:</i>			
Helping the Elderly with Legal Problem Solving Title III-B of Older Americans	93.044	LAB PON2 725 140000-1066- 1073-1168-1161-1158	9,145
Title III-B - Ombudsman of Older Americans	93.044	LAB PON2 725 140000-1066- 1073-1168-1161-1158	15,606
<i>Passed through Gateway Area Development District:</i>			
Helping the Elderly with Legal Problem Solving Title III-B of Older Americans	93.044	LEGAL-FY15-01 & LEGAL-FY16-01	18,219
Title III-B - Ombudsman of Older Americans	93.044	LEGAL-FY15-01 & LEGAL-FY16-01	15,300
<i>Passed through Northern Kentucky Area Development District:</i>			
Helping the Elderly with Legal Problem Solving Title III-B of Older Americans	93.044	HS-A-15	43,288
Total for CFDA 93.044			138,716
<i>Passed through Bluegrass Area Development District:</i>			
SHIP (Consolidated Appropriations Act)	93.324	AS-2013-2014-2015 & AS-2015-2016	109,834
SHIP Performance Grant (Consolidated Appropriations Act)	93.324	90SO0007-01-00 & AS-2015-2016	66,546
<i>Passed through FIVCO Area Development District:</i>			
SHIP (Consolidated Appropriations Act)	93.324	LAB PON2 725 140000-1066- 1073-1168-1161-1158	25,579
<i>Passed through Northern Kentucky Area Development District:</i>			
SHIP (Consolidated Appropriations Act)	93.324	HS-A-15	47,835
Total for CFDA 93.324			249,794
<i>Passed through Bluegrass Area Development District:</i>			
Medicare Improvements for Patients and Providers Act MIPPA	93.071	AS-2013-2014-2015 & AS-2015-2016	43,269

(Continued)

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2015**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<i>Passed through FIVCO Area Development District:</i>			
Medicare Improvements for Patients and Providers Act MIPPA	93.071	LAB PON2 725 140000-1066- 1073-1168-1161-1158	29,512
<i>Passed through Northern Kentucky Area Development District:</i>			
Medicare Improvements for Patients and Providers Act MIPPA	93.071	HS-A-15	43,269
Total for CFDA 93.071			116,050
<i>Passed through FIVCO Area Development District:</i>			
Title VII of Older Americans Act - Elder Abuse	93.041	LAB PON2 725 140000-1066- 1073-1168-1161-1158	2,498
<i>Passed through Gateway Area Development District:</i>			
Title VII of Older Americans Act - Elder Abuse	93.041	LEGAL-FY15-01 & LEGAL-FY16-01	1,492
Total for CFDA 93.041			3,990
<i>Passed through FIVCO Area Development District:</i>			
Title VII of Older Americans Act - Ombudsman	93.042	LAB PON2 725 140000-1066- 1073-1168-1161-1158	4,208
<i>Passed through Gateway Area Development District:</i>			
Title VII of Older Americans Act - Ombudsman	93.042	LEGAL-FY15-01 & LEGAL-FY16-01	2,517
Total for CFDA 93.042			6,725
<i>Passed through the National Council on Aging:</i>			
Medicare Improvements for Patients and Providers Act Benefits Enrollment Center	93.518	90M10002/01	50,000
<i>Passed through Access to Justice Foundation:</i>			
CHIPRA	93.767	1Z0CMS331217-01-01	26,756
Total U.S. Department of Health and Human Services			592,031
U.S. Department of Housing and Urban Development			
<i>Passed through Western TN:</i>			
HUD	14.169	HC130011027	49,910
<i>Passed through Western TN:</i>			
Counseling (NFMC)	21.000	PL113-6X1350	37,260
Total U.S. Department of Housing and Urban Development			87,170
U.S. Department of Justice			
<i>Direct Award:</i>			
Department of Justice LAV Grant	16.524	2010-WL-AX-0052	156,431
<i>Passed through Kentucky Department of Justice:</i>			
Violence Against Women Act STOP	16.588	VAWA-2014-Legal Ai-00367	135,528
Victim of Crimes Act 1984	16.575	VOCA-2015-Legal Aid-00062	15,155
Total U.S. Department of Justice			307,114
Total Expenditures of Federal Awards			\$ 2,471,006

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2015**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of LABG and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Subrecipients

LABG provided no federal awards to subrecipients.

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Supplemental Statement of Activities
Unrestricted Net Assets - Summary
December 31, 2015**

	<u>Unrestricted</u>		<u>Total</u>
	<u>Operations</u>	<u>Property</u>	
Unrestricted support and revenue	<u>\$ 4,567,129</u>	<u>\$ -</u>	<u>\$ 4,567,129</u>
Expenses			
Salaries and benefits:			
Lawyers	1,186,196	-	1,186,196
Non-Lawyers	948,396	-	948,396
Lawyers' salaries - donated	371,840	-	371,840
Employee benefits	815,146	-	815,146
Total salaries and benefits	<u>3,321,578</u>	<u>-</u>	<u>3,321,578</u>
Grant to KEJCF	50,816	-	50,816
Contract services	403,281	-	403,281
Travel	90,648	-	90,648
Space and occupancy	110,730	-	110,730
Publications, dues and fees	24,110	-	24,110
Library updates	52,326	-	52,326
Telephone	70,715	-	70,715
Depreciation	-	58,546	58,546
Office expense	105,828	-	105,828
Litigation costs	10,066	-	10,066
Equipment rental, purchase and repair	66,669	-	66,669
Interest expense	32,409	-	32,409
Seminars and training	14,076	-	14,076
Insurance	29,976	-	29,976
Bad debt expense	13,352	-	13,352
Miscellaneous expense	18,823	-	18,823
Total expenses	<u>4,415,403</u>	<u>58,546</u>	<u>4,473,949</u>
Change in net assets	151,726	(58,546)	93,180
Acquisition of equipment and reclassifications	(131,252)	131,252	-
Net assets, beginning of year	<u>780,950</u>	<u>689,045</u>	<u>1,469,995</u>
Net assets, end of year	<u>\$ 801,424</u>	<u>\$ 761,751</u>	<u>\$ 1,563,175</u>

See independent auditors' report

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Supplemental Detail Statement of Activities
December 31, 2015**

	BEC SHIP Funding	Title III Bluegrass	MIPPA Bluegrass	SHIP HCFA Bluegrass	SHIP Performance Bluegrass	Boots on the Ground	Title III Buffalo Trace	Butler Foundation	Capital Campaign	Capital Campaign Lexington	CHIPRA
Support and revenue											
Grants and contracts	\$ 50,000	\$ 25,249	\$ 43,269	\$ 109,834	\$ 66,546	\$ 5,000	\$ 11,909	\$ -	\$ -	\$ -	\$ 26,756
Interest earned and other income	-	-	-	-	-	-	-	-	-	-	-
Capital campaign income	-	-	-	-	-	-	-	-	(83)	2,350	-
Miscellaneous contributions	-	-	-	-	-	-	-	5,001	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	50,000	25,249	43,269	109,834	66,546	5,000	11,909	5,001	(83)	2,350	26,756
Net assets released from restrictions for the purpose of satisfying the following expenses											
Salaries and benefits											
Lawyers	-	17,633	3,985	9,085	6,008	-	8,521	-	-	-	-
Non-lawyers	22,177	1,362	29,171	65,555	40,545	4,475	-	-	-	-	20,454
Employee benefits	4,850	6,228	10,019	26,944	16,529	1,018	3,388	-	-	-	3,931
Total salaries and benefits	27,027	25,223	43,175	101,584	63,082	5,493	11,909	-	-	-	24,385
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-
Contract services	1,573	-	-	-	625	-	-	-	-	-	-
Travel	3,075	-	-	3,195	723	-	-	-	-	-	2,336
Space and occupancy	-	-	-	-	-	-	-	-	-	-	-
Publications, dues and fees	-	-	-	360	-	-	-	-	-	-	-
Library updates	-	-	-	-	-	-	-	-	-	-	-
Telephone	1,075	26	94	1,422	87	-	-	-	-	-	35
Office expense	7,907	-	-	2,731	2,029	-	-	-	-	-	-
Litigation costs	-	-	-	-	-	-	-	3,146	-	-	-
Equipment purchase, rental, and repair	8,968	-	-	296	-	-	-	-	-	-	-
Seminars and training	375	-	-	73	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	13,352	-	-
Miscellaneous expenses	-	-	-	173	-	-	-	246	-	-	-
Net assets released from restrictions for the purpose of satisfying expenses	50,000	25,249	43,269	109,834	66,546	5,493	11,909	3,392	13,352	-	26,756
Change in net assets before equipment acquisitions and reclassifications	-	-	-	-	-	(493)	-	1,609	(13,435)	2,350	-
Equipment acquisitions and reclassifications	-	-	-	-	-	-	-	-	-	(2,350)	-
Net assets beginning of year	-	-	-	-	-	3,750	-	(609)	1,310	-	-
Net assets end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,257	\$ -	\$ 1,000	\$ (12,125)	\$ -	\$ -

(Continued)

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Supplemental Detail Statement of Activities (Continued)
December 31, 2015**

	Community Chest	Covington Case	Donations	Fayette County Bar Association	Title VII FIVCO	Elder Abuse FIVCO	MIPPA FIVCO	State Ombudsman FIVCO	SHIP HCFA FIVCO	Title III FIVCO	Title III Ombudsman FIVCO
Support and revenue											
Grants and contracts	\$ -	\$ -	\$ -	\$ 4,000	\$ 4,208	\$ 2,498	\$ 29,512	\$ 28,820	\$ 25,579	\$ 9,145	\$ 15,606
Interest earned and other income	-	-	-	-	-	-	-	-	-	-	-
Capital campaign income	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	242,158	-	33,118	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	242,158	-	33,118	4,000	4,208	2,498	29,512	28,820	25,579	9,145	15,606
Net assets released from restrictions for the purpose of satisfying the following expenses											
Salaries and benefits											
Lawyers	71,245	-	-	-	-	-	2,142	-	-	5,791	-
Non-lawyers	40,040	-	-	5,738	2,654	1,616	19,309	19,597	16,587	802	9,016
Employee benefits	48,838	-	-	2,048	1,554	813	7,998	9,223	6,517	2,552	4,903
Total salaries and benefits	160,123	-	-	7,786	4,208	2,429	29,449	28,820	23,104	9,145	13,919
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-
Contract services	55,543	-	-	-	-	-	-	-	-	-	1,402
Travel	3,434	-	-	-	-	69	-	-	527	-	96
Space and occupancy	5,245	-	-	-	-	-	-	-	-	-	-
Publications, dues and fees	3,334	-	-	-	-	-	-	-	-	-	-
Library updates	4,760	-	-	-	-	-	-	-	-	-	-
Telephone	3,685	-	-	-	-	-	63	-	-	-	-
Office expense	5,421	-	-	-	-	-	-	-	1,948	-	189
Litigation costs	30	-	4,105	-	-	-	-	-	-	-	-
Equipment purchase, rental, and repair	2,287	-	-	-	-	-	-	-	-	-	-
Seminars and training	-	-	-	-	-	-	-	-	-	-	-
Insurance	748	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for the purpose of satisfying expenses	244,610	-	4,105	7,786	4,208	2,498	29,512	28,820	25,579	9,145	15,606
Change in net assets before equipment acquisitions and reclassifications	(2,452)	-	29,013	(3,786)	-	-	-	-	-	-	-
Equipment acquisitions and reclassifications	-	-	(103,935)	-	-	-	-	-	-	-	-
Net assets beginning of year	274,607	11,798	74,922	3,786	-	-	-	-	-	-	-
Net assets end of year	\$ 272,155	\$ 11,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Supplemental Detail Statement of Activities (Continued)
December 31, 2015**

	Franklin County Fiscal Court	Elder Abuse Gateway	LTC State Gateway	Title III Gateway	Title III Ombudsman Gateway	Title VII Ombudsman Gateway	Haile Foundation	Heart of Kentucky United Way	HUD	IOLTA Bank of America	IOLTA CY Pres
Support and revenue											
Grants and contracts	\$ 2,500	\$ 1,492	\$ 27,303	\$ 18,219	\$ 15,300	\$ 2,517	\$ -	\$ -	\$ 49,910	\$ -	\$ -
Interest earned and other income	-	-	-	-	-	-	-	-	-	-	-
Capital campaign income	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	-	-	-	-	-	-	-	33,000	-	139,723	59,198
Rental income	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	<u>2,500</u>	<u>1,492</u>	<u>27,303</u>	<u>18,219</u>	<u>15,300</u>	<u>2,517</u>	<u>-</u>	<u>33,000</u>	<u>49,910</u>	<u>139,723</u>	<u>59,198</u>
Net assets released from restrictions for the purpose of satisfying the following expenses											
Salaries and benefits:											
Lawyers	1,569	-	-	9,974	-	-	12,494	7,702	31,485	-	-
Non-lawyers	-	995	17,408	2,243	10,071	1,422	1,367	4,832	181	-	-
Employee benefits	411	497	9,119	5,865	5,127	1,095	5,381	3,901	15,967	-	-
Total salaries and benefits	<u>1,980</u>	<u>1,492</u>	<u>26,527</u>	<u>18,082</u>	<u>15,198</u>	<u>2,517</u>	<u>19,242</u>	<u>16,435</u>	<u>47,633</u>	<u>-</u>	<u>-</u>
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-
Contract services	520	-	-	-	-	-	-	651	623	-	-
Travel	-	-	776	137	102	-	-	95	1,124	-	-
Space and occupancy	-	-	-	-	-	-	-	291	-	-	-
Publications, dues and fees	-	-	-	-	-	-	-	32	-	-	-
Library updates	-	-	-	-	-	-	-	65	-	-	-
Telephone	-	-	-	-	-	-	-	122	178	-	-
Office expense	-	-	-	-	-	-	-	203	352	-	-
Litigation costs	-	-	-	-	-	-	-	11	-	-	-
Equipment purchase, rental, and repair	-	-	-	-	-	-	-	12	-	-	-
Seminars and training	-	-	-	-	-	-	-	68	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	15	-	-	-
Net assets released from restrictions for the purpose of satisfying expenses	<u>2,500</u>	<u>1,492</u>	<u>27,303</u>	<u>18,219</u>	<u>15,300</u>	<u>2,517</u>	<u>19,242</u>	<u>18,000</u>	<u>49,910</u>	<u>-</u>	<u>-</u>
Change in net assets before equipment acquisitions and reclassifications	-	-	-	-	-	-	(19,242)	15,000	-	139,723	59,198
Equipment acquisitions and reclassifications	-	-	-	-	-	-	-	-	-	-	-
Net assets beginning of year	-	-	-	-	-	-	90,000	-	-	-	-
Net assets end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,758</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 139,723</u>	<u>\$ 59,198</u>

(Continued)

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Supplemental Detail Statement of Activities (Continued)
December 31, 2015**

	IOLTA Fellow	IOLTA Other	Kentucky Attorney General	Kentucky Filing Fee - PAI	Kentucky Filing Fee - Other	Kentucky General Fund	LAV Translation Grant	Legal Services Corporation PAI	Legal Services Corporation	Legal Services Corporation TIG Grant
Support and revenue										
Grants and contracts	\$ 63,697	\$ 53,130	\$ 62,500	\$ 106,256	\$ 703,670	\$ 161,760	\$ 156,431	\$ 106,257	\$ 1,372,813	\$ 5,621
Interest earned and other income	-	-	-	-	196	-	-	-	112	-
Capital campaign contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Total support and revenue	<u>63,697</u>	<u>53,130</u>	<u>62,500</u>	<u>106,256</u>	<u>703,866</u>	<u>161,760</u>	<u>156,431</u>	<u>106,257</u>	<u>1,372,925</u>	<u>5,621</u>
Net assets released from restrictions for the purpose of satisfying the following expenses										
Salaries and benefits										
Lawyers	27,692	3,893	4,075	7,783	119,941	7,047	98,358	7,785	531,089	-
Non-lawyers	-	19,641	813	39,284	58,203	-	-	39,284	344,223	-
Employee benefits	11,616	10,437	1,807	20,871	91,699	2,105	37,811	20,872	299,942	-
Total salaries and benefits	<u>39,308</u>	<u>33,971</u>	<u>6,695</u>	<u>67,938</u>	<u>269,843</u>	<u>9,152</u>	<u>136,169</u>	<u>67,941</u>	<u>1,175,254</u>	<u>-</u>
Grant to KEJCF	6,936	-	6,936	-	32,345	4,599	-	-	-	-
Contract services	10,631	11,845	-	23,691	111,284	62,323	19,262	25,366	69,490	7,257
Travel	-	-	1,978	-	66,822	1,983	-	-	-	-
Space and occupancy	1,676	1,329	2,954	2,657	14,036	15,269	-	2,658	63,563	-
Publications, dues and fees	-	-	29	-	17,009	2,991	-	-	-	-
Library updates	2,844	628	334	1,255	8,024	11,369	-	5,357	17,690	-
Telephone	-	849	48	1,697	46,039	494	-	1,697	12,460	-
Office expense	1,093	1,260	2,373	2,521	32,879	24,101	-	2,519	16,444	-
Litigation costs	21	-	-	-	2,713	40	-	-	-	-
Equipment purchase, rental, and repair	818	-	-	-	31,979	14,071	-	-	2,480	5,652
Seminars and training	-	-	-	-	10,639	1,609	1,000	-	-	-
Insurance	-	360	-	719	4,869	158	-	719	22,403	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	370	2,888	-	5,778	39,693	431	-	-	-	-
Net assets released from restrictions for the purpose of satisfying expenses	<u>63,697</u>	<u>53,130</u>	<u>21,347</u>	<u>106,256</u>	<u>688,174</u>	<u>148,590</u>	<u>156,431</u>	<u>106,257</u>	<u>1,379,784</u>	<u>12,909</u>
Change in net assets before equipment acquisitions and reclassifications	-	-	41,153	-	15,692	13,170	-	-	(6,859)	(7,288)
Equipment acquisitions and reclassifications	-	-	-	-	(24,967)	-	-	-	-	-
Net assets beginning of year	-	-	72,045	-	230,403	80,562	-	-	154,878	7,288
Net assets end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,198</u>	<u>\$ -</u>	<u>\$ 221,128</u>	<u>\$ 93,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,019</u>	<u>\$ -</u>

(Continued)

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Supplemental Detail Statement of Activities (Continued)
December 31, 2015**

	Neighborhood Works Project	Boone County	Campbell County	Kenton County	HCFA NKADD	MIPPA NKADD	Title III NKADD	Ohio Valley United Charities	PNC Foundation	RC Durr Foundation	Rental Earned Income
Support and revenue											
Grants and contracts	\$ 37,260	\$ 9,608	\$ 6,419	\$ 2,500	\$ 47,835	\$ 43,269	\$ 43,288	\$ 3,575	\$ -	\$ -	\$ -
Interest earned and other income	-	-	-	-	-	-	-	-	-	-	-
Capital campaign contributions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	-	-	-	-	-	-	-	-	15,000	30,000	-
Rental income	-	-	-	-	-	-	-	-	-	-	21,630
Total support and revenue	37,260	9,608	6,419	2,500	47,835	43,269	43,288	3,575	15,000	30,000	21,630
Net assets released from restrictions for the purpose of satisfying the following expenses											
Salaries and Benefits											
Lawyers	9,964	7,086	4,845	1,912	2,191	996	31,567	2,081	17,488	4,599	-
Non-lawyers	16,151	-	-	-	31,204	31,969	-	-	13,013	-	-
Employee benefits	11,145	2,522	1,574	588	11,906	10,030	11,721	919	12,021	1,977	-
Total salaries and benefits	37,260	9,608	6,419	2,500	45,301	42,995	43,288	3,000	42,522	6,576	-
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-
Contract services	-	-	-	-	-	-	-	-	-	820	-
Travel	-	-	-	-	948	218	-	-	2,026	573	-
Space and occupancy	-	-	-	-	697	-	-	-	-	-	-
Publications, dues and fees	-	-	-	-	81	-	-	-	-	-	-
Library updates	-	-	-	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	227	56	-	-	73	-	-
Office expense	-	-	-	-	471	-	-	-	71	-	-
Litigation costs	-	-	-	-	-	-	-	-	-	-	-
Equipment purchase, rental, and repair	-	-	-	-	-	-	-	-	-	-	-
Seminars and training	-	-	-	-	-	-	-	-	-	150	-
Insurance	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	110	-	-	-	1,528	-	-
Net assets released from restrictions for the purpose of satisfying expenses	37,260	9,608	6,419	2,500	47,835	43,269	43,288	3,000	46,220	8,119	-
Change in net assets before equipment acquisitions and reclassifications	-	-	-	-	-	-	-	575	(31,220)	21,881	21,630
Equipment acquisitions and reclassifications	-	-	-	-	-	-	-	-	-	-	-
Net assets beginning of year	-	-	-	-	-	-	-	3,000	31,220	31,567	129,256
Net assets end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,575	\$ -	\$ 53,448	\$ 150,886

(Continued)

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Supplemental Detail Statement of Activities (Continued)
December 31, 2015**

	Scripps Howard Fellowship	Service Generated Income	State of Kentucky Health Insurance	United Way of Franklin County	United Way of the Bluegrass	VAWA	VOCA	Total
Support and revenue								
Grants and contracts	\$ -	\$ -	\$ 23,453	\$ -	\$ -	\$ 135,528	\$ 15,155	\$ 3,735,197
Interest earned and other income	-	-	-	-	-	-	-	308
Capital campaign contributions	-	-	-	-	-	-	-	2,267
Miscellaneous contributions	5,000	1,500	-	5,000	24,870	-	-	593,568
Rental income	-	-	-	-	-	-	-	21,630
Total support and revenue	<u>5,000</u>	<u>1,500</u>	<u>23,453</u>	<u>5,000</u>	<u>24,870</u>	<u>135,528</u>	<u>15,155</u>	<u>4,352,970</u>
Net assets released from restrictions for the purpose of satisfying the following expenses								
Salaries and Benefits								
Lawyers	-	-	-	-	5,045	92,647	10,478	1,186,196
Non-lawyers	4,539	-	-	3,476	5,223	3,251	505	948,396
Employee benefits	461	-	-	1,050	4,370	38,814	4,172	815,146
Total salaries and benefits	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>4,526</u>	<u>14,638</u>	<u>134,712</u>	<u>15,155</u>	<u>2,949,738</u>
Grant to KEJCF	-	-	-	-	-	-	-	50,816
Contract services	-	-	-	-	-	375	-	403,281
Travel	-	-	-	132	276	3	-	90,648
Space and occupancy	-	-	-	37	318	-	-	110,730
Publications, dues and fees	-	-	-	-	274	-	-	24,110
Library updates	-	-	-	-	-	-	-	52,326
Telephone	-	-	-	75	213	-	-	70,715
Office expense	-	-	-	193	685	438	-	105,828
Litigation costs	-	-	-	-	-	-	-	10,066
Equipment purchase, rental, and repair	-	-	-	-	106	-	-	66,669
Seminars and training	-	-	-	37	125	-	-	14,076
Insurance	-	-	-	-	-	-	-	29,976
Bad debt expense	-	-	-	-	-	-	-	13,352
Miscellaneous expenses	-	-	-	-	-	-	-	51,232
Net assets released from restrictions for the purpose of satisfying expenses	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>16,635</u>	<u>135,528</u>	<u>15,155</u>	<u>4,043,563</u>
Change in net assets before equipment acquisitions and reclassifications	-	1,500	23,453	-	8,235	-	-	309,407
Equipment acquisitions and reclassifications	-	-	-	-	-	-	-	(131,252)
Net assets beginning of year	-	-	24,202	-	-	-	-	1,223,985
Net assets end of year	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 47,655</u>	<u>\$ -</u>	<u>\$ 8,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,402,140</u>

Note: Does not include capital activity.

(Continued)

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Supplemental Schedule – Summary of Funding
December 31, 2015**

	<u>Period</u>	<u>Award Amount</u>	<u>Recognized in 2015</u>
BEC New SHIP Funding	01/14 - 01/15	\$ 45,000	\$ 10,000
	01/15 - 01/16	50,000	40,000
Bluegrass Area Development District			
Title III	07/14 - 06/15	26,830	11,834
	07/15 - 06/16	26,830	13,415
MIPPA	10/14 - 09/15	47,878	35,908
	10/15 - 09/16	29,442	7,361
SHIP	07/14 - 06/15	115,012	57,562
	07/15 - 06/16	78,401	52,272
SHIP Performance Innovation	09/14 - 02/16	77,639	66,546
Boots on the Ground	04/15 - 03/16	5,000	5,000
Buffalo Trace Area Development District			
Title III	07/14 - 06/15	11,765	6,846
	07/15 - 06/16	9,000	5,063
CHIPRA	07/13 - 07/15	118,952	26,756
FIVCO			
TITLE VII Ombudsman/Facility Prev.	07/14 - 06/15	4,226	2,113
	07/15 - 06/16	4,188	2,094
Title VII Elder Abuse	07/14 - 06/15	2,493	1,251
	07/15 - 06/16	2,493	1,246
State Long Term Care Ombudsman	07/14 - 06/15	28,833	14,417
	07/15 - 06/16	28,806	14,403
MIPPA	10/14 - 09/15	32,297	25,639
	10/15 - 09/16	15,492	3,873
Title III B Ombudsman	07/14 - 06/15	17,947	7,803
	07/15 - 06/16	15,606	7,803
SHIP	07/14 - 06/15	23,785	12,043
	07/15 - 06/16	20,304	13,536
TITLE III Legal Assistance	07/14 - 06/15	9,145	4,573
	07/15 - 06/16	9,145	4,573
Gateway Area Development District			
Elder Abuse	07/14 - 06/15	1,756	748
	07/15 - 06/16	1,492	744
LTC STATE	07/14 - 06/15	27,285	13,641
	07/15 - 06/16	27,325	13,662
Title IIIB Ombudsman	07/14 - 06/15	15,300	7,650
	07/15 - 06/16	15,300	7,650
Title IIIB Legal Assistance	07/14 - 06/15	9,800	8,419
	07/15 - 06/16	9,800	9,800
Title VII Ombudsman	07/14 - 06/15	2,989	1,263
	07/15 - 06/16	2,506	1,254

(Continued)

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Supplemental Schedule – Summary of Funding (Continued)
December 31, 2015**

	<u>Period</u>	<u>Award Amount</u>	<u>Recognized in 2015</u>
HUD Western Tennessee Legal Services	01/15 - 12/15	\$ 27,500	\$ 49,910
IOLTA	09/14 - 08/15	107,840	71,893
	09/15 - 08/16	134,800	44,933
KY Attorney General	10/13 - 09/15	250,000	62,500
Kentucky File Fee (Access to Justice)	01/15 - 12/15	810,217	809,928
Kentucky General Fund	01/15 - 12/15		161,760
LAV 2	10/10 - 09/15	1,245,000	156,431
	10/15 - 9/18	600,000	-
LSC			
Legal Services Corp. Basic	01/15 - 12/15	1,479,089	1,479,070
TIG 100700	01/13 - 9/15	9,000	5,621
Neighbor Works Project (NFMC)	07/14 - 12/14	34,020	9,000
	07/15 - 12/15	23,940	28,260
NKADD			
Boone County	07/14 - 06/15	14,000	3,680
	07/15 - 06/16	15,000	5,928
Campbell County	07/14 - 06/15	13,000	-
	07/15 - 06/16	13,000	6,419
Kenton County	07/14 - 06/15	2,500	-
	07/15 - 06/16	2,500	2,500
SHIP	07/14 - 06/15	46,396	21,060
	07/15 - 06/16	41,935	26,775
MIPPA	10/14 - 09/15	47,878	35,908
	10/15 - 09/16	29,442	7,361
Title III	07/14 - 06/15	26,067	21,131
	07/15 - 06/16	26,067	22,157
Ohio Valley United Charities	01/15 - 12/15	3,575	3,575
State of Kentucky Health Insurance			23,453
VAWA	01/15 - 12/15	135,528	135,528
VOCA	10/15-9/16	76,096	15,155
Other	Various		6,500
			<u>\$ 3,735,197</u>

See independent auditors' report

**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 Directors
Northern Kentucky Legal Aid Society, Inc. (DBA Legal Aid of the Bluegrass)

We have audited, 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, the financial statements of Legal Aid of the Bluegrass (Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, have issued our report thereon dated April 29, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LABG'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 LABG's internal control. Accordingly, we do not express an opinion on the effectiveness of LABG's internal control.

A *deficiency in internal control* exists when the 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 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 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 would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LABG's 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*.

**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
(Continued)**

Purpose of this Report

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

Burns, Donig & Co., Ltd.

April 29, 2016
Cincinnati, Ohio

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND LEGAL SERVICES CORPORATION'S AUDIT GUIDE AND COMPLIANCE SUPPLEMENT**

Board of Directors
Northern Kentucky Legal Aid Society, Inc. (DBA Legal Aid of the Bluegrass)

Report on Compliance for Each Major Federal Program

We have audited Legal Aid of the Bluegrass' (Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the Compliance Supplement for Audit of LSC Recipients* that could have a direct and material effect on each of LABG's major federal programs for the year ended December 31, 2015. LABG'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 LABG'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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *Compliance Supplement for Audit of LSC Recipients*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LABG'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 LABG's compliance.

Opinion on Each Major Program

In our opinion, Legal Aid of the Bluegrass 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, 2015.

Report on Internal Control over Compliance

Management of the LABG 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, we considered the LABG's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LABG's internal control over compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND LEGAL SERVICES CORPORATION'S AUDIT GUIDE AND COMPLIANCE SUPPLEMENT
(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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Burns, Donning & Co., Ltd.

April 29, 2016
Cincinnati, Ohio

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2015**

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 2 CFR Section 200.56(a)? _____ Yes X No

Identification of major programs

CFDA No.	Name of Federal Programs or Clusters
9.618004	Legal Services Corporation

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

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

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)**

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2015**

Reference Number	Summary of Finding	Status
No matters are reportable		