

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

Financial Statements with Supplementary Information
December 31, 2019 and 2018, and
Independent Auditors' Report

NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.
(DBA LEGAL AID OF THE BLUEGRASS)
December 31, 2019 and 2018

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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, 2019 and 2018, 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.

Auditors' 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, 2019 and 2018, 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)**

Effect of Adopting New Accounting Standard

As discussed in Note 1, Northern Kentucky Legal Aid Society, Inc.'s (DBA Legal Aid of the Bluegrass) has adopted Financial Accounting Standards Board Accounting Standards Update 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (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 23 - 31 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 June 11, 2020, 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.



June 11, 2020
Crestview Hills, Kentucky

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

**Statements of Financial Position
December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 1,370,443	\$ 1,439,020
Grants receivable	583,332	374,777
Contributions receivable, net	479,017	750,902
Prepaid expenses	58,359	29,958
Client escrow funds	5,729	6,193
Property and equipment, net	<u>1,348,022</u>	<u>1,374,717</u>
Total assets	<u><u>\$ 3,844,902</u></u>	<u><u>\$ 3,975,567</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 70,162	\$ 31,116
Accrued compensated absences	69,543	66,790
Accrued payroll and payroll taxes	220,524	113,759
Client trust deposits	5,729	6,193
Deferred revenue	112,208	42,332
Refundable advance	160,650	-
Notes payable	<u>392,981</u>	<u>444,139</u>
Total liabilities	<u>1,031,797</u>	<u>704,329</u>
Net Assets		
Without donor restrictions		
Net investment in property and equipment	955,042	930,579
Operating	<u>1,048,922</u>	<u>1,249,609</u>
Total net assets without donor restrictions	2,003,964	2,180,188
With donor restrictions		
	<u>809,141</u>	<u>1,091,050</u>
Total net assets	<u>2,813,105</u>	<u>3,271,238</u>
Total liabilities and net assets	<u><u>\$ 3,844,902</u></u>	<u><u>\$ 3,975,567</u></u>

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, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Grants and contracts	\$ 2,840,288	\$ 1,451,601	\$ 4,291,889
Interest and other income	97,528	-	97,528
Other contributions	88,224	201,981	290,205
Rental income	24,385	-	24,385
Donated legal services	314,600	-	314,600
Net assets released from restrictions	1,935,491	(1,935,491)	-
Total support and revenue	5,300,516	(281,909)	5,018,607
Expenses			
Salaries and benefits:			
Lawyers	1,413,966	-	1,413,966
Non-lawyers	1,074,933	-	1,074,933
Lawyer's salaries - donated	314,600	-	314,600
Employee benefits	1,135,820	-	1,135,820
Total salaries and benefits	3,939,319	-	3,939,319
Grant to KEJCF	52,968	-	52,968
Contract services	560,726	-	560,726
Travel	95,916	-	95,916
Space and occupancy	114,294	-	114,294
Publications, dues and fees	30,283	-	30,283
Library updates	52,822	-	52,822
Telephone	98,675	-	98,675
Depreciation	110,055	-	110,055
Office expense	115,838	-	115,838
Litigation costs	6,956	-	6,956
Equipment rental, purchase and repair	134,406	-	134,406
Interest expense	18,335	-	18,335
Seminars and training	66,741	-	66,741
Insurance	43,657	-	43,657
Miscellaneous expense	35,749	-	35,749
Total expenses	5,476,740	-	5,476,740
Change in net assets	(176,224)	(281,909)	(458,133)
Net assets, beginning of year	2,180,188	1,091,050	3,271,238
Net assets, end of year	\$ 2,003,964	\$ 809,141	\$ 2,813,105

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, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Grants and contracts	\$ 4,018,103	\$ -	\$ 4,018,103
Interest and other income	47,526	-	47,526
Other contributions	115,945	307,241	423,186
Rental income	23,636	-	23,636
Donated legal services	282,240	-	282,240
Net assets released from restrictions	646,403	(646,403)	-
Total support and revenue	<u>5,133,853</u>	<u>(339,162)</u>	<u>4,794,691</u>
Expenses			
Salaries and benefits:			
Lawyers	1,382,067	-	1,382,067
Non-lawyers	972,610	-	972,610
Lawyer's salaries - donated	282,240	-	282,240
Employee benefits	977,892	-	977,892
Total salaries and benefits	<u>3,614,809</u>	<u>-</u>	<u>3,614,809</u>
Grant to KEJCF	53,084	-	53,084
Contract services	446,223	-	446,223
Travel	81,279	-	81,279
Space and occupancy	114,025	-	114,025
Publications, dues and fees	23,360	-	23,360
Library updates	55,720	-	55,720
Telephone	69,659	-	69,659
Depreciation	104,595	-	104,595
Office expense	101,690	-	101,690
Litigation costs	3,983	-	3,983
Equipment rental, purchase and repair	129,978	-	129,978
Interest expense	21,855	-	21,855
Seminars and training	69,917	-	69,917
Insurance	38,377	-	38,377
Miscellaneous expense	17,707	-	17,707
Total expenses	<u>4,946,261</u>	<u>-</u>	<u>4,946,261</u>
Change in net assets	187,592	(339,162)	(151,570)
Net assets, beginning of year	<u>1,992,596</u>	<u>1,430,212</u>	<u>3,422,808</u>
Net assets, end of year	<u>\$ 2,180,188</u>	<u>\$ 1,091,050</u>	<u>\$ 3,271,238</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, 2019**

	Legal Services	Supporting	Fundraising	Total
Salaries and benefits				
Lawyers	\$ 1,314,988	\$ 72,821	\$ 26,157	\$ 1,413,966
Non-lawyers	795,450	169,099	110,384	1,074,933
Employee benefits	965,447	108,062	62,311	1,135,820
Total salaries and related expenses	3,075,885	349,982	198,852	3,624,719
Other expenses				
Grant to KEJCF	47,142	5,826	-	52,968
Contract services	472,334	88,391	-	560,725
Travel	85,365	7,136	3,415	95,916
Space and occupancy	101,722	8,503	4,069	114,294
Publications, dues and fees	26,952	2,252	1,079	30,283
Library updates	47,012	3,930	1,880	52,822
Telephone	87,821	7,341	3,513	98,675
Office expense	103,098	8,619	4,124	115,841
Litigation costs	6,191	765	-	6,956
Equipment purchase, rental and repair	119,621	10,000	4,785	134,406
Interest expense	16,318	1,364	653	18,335
Seminars and training	59,399	4,966	2,376	66,741
Insurance	38,855	3,247	1,555	43,657
Miscellaneous expense	31,815	2,660	1,272	35,747
Total expenses before donated services and depreciation	4,319,530	504,982	227,573	5,052,085
Donated services	283,140	31,460	-	314,600
Depreciation	97,949	8,189	3,917	110,055
	<u>\$ 4,700,619</u>	<u>\$ 544,631</u>	<u>\$ 231,490</u>	<u>\$ 5,476,740</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, 2018**

	Legal Services	Supporting	Fundraising	Total
Salaries and benefits				
Lawyers	\$ 1,285,322	\$ 71,710	\$ 25,035	\$ 1,382,067
Non-lawyers	719,731	142,237	110,642	972,610
Employee benefits	831,208	92,413	54,271	977,892
Total salaries and related expenses	2,836,261	306,360	189,948	3,332,569
Other expenses				
Grant to KEJCF	47,245	5,839	-	53,084
Contract services	344,936	101,287	-	446,223
Travel	72,338	6,048	2,893	81,279
Space and occupancy	101,482	8,484	4,059	114,025
Publications, dues and fees	20,790	1,738	832	23,360
Library updates	49,591	4,145	1,984	55,720
Telephone	61,997	5,182	2,480	69,659
Office expense	90,504	7,566	3,620	101,690
Litigation costs	3,545	438	-	3,983
Equipment purchase, rental and repair	115,680	9,671	4,627	129,978
Interest expense	19,451	1,625	779	21,855
Seminars and training	62,226	5,202	2,489	69,917
Insurance	34,156	2,854	1,367	38,377
Miscellaneous expense	15,759	1,317	631	17,707
Total expenses before donated services and depreciation	3,875,961	467,756	215,709	4,559,426
Donated services	254,016	28,224	-	282,240
Depreciation	93,090	7,781	3,724	104,595
	<u>\$ 4,223,067</u>	<u>\$ 503,761</u>	<u>\$ 219,433</u>	<u>\$ 4,946,261</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, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (458,133)	\$ (151,570)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	110,055	104,595
Receipts of client escrow funds held in agency transactions	13,239	18,975
Payments of client escrow funds held in agency transactions	(13,703)	(16,094)
Changes in:		
Grants receivable	(208,555)	(56,516)
Contributions receivable, net	271,885	330,846
Prepaid expenses	(28,401)	7,734
Accounts payable	39,046	(5,642)
Accrued compensated absences	2,753	3,760
Accrued payroll and payroll taxes	106,765	2,706
Deferred revenue	69,876	(37,453)
Refundable advance	160,650	-
	<u>65,477</u>	<u>201,341</u>
Cash flows used by investing activities		
Purchase of property and equipment	(83,360)	(44,345)
Cash flows used by financing activities		
Principal payments on notes payable	<u>(51,158)</u>	<u>(83,497)</u>
Net change in cash, cash equivalents, and restricted cash	(69,041)	73,499
Cash, cash equivalents, and restricted cash, beginning of year	<u>1,445,213</u>	<u>1,371,714</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 1,376,172</u>	<u>\$ 1,445,213</u>
Supplemental cash flows information		
Interest paid	\$ 18,335	\$ 21,855

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 two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net asset with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents / Client Escrow Funds

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 \$908,446 and \$1,048,312 as of December 31, 2019 and 2018, 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 LABG's financial institution.

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)**

At December 31, 2019, cash and cash equivalents of \$1,370,443 and client escrow funds of \$5,729 reported within the statement of financial position sum to the total of \$1,376,172, which is the total of the cash, cash equivalents, and restricted cash shown in the statement of cash flows. At December 31, 2018, cash and cash equivalents of \$1,439,020 and client escrow funds of \$6,193 reported within the statement of financial position sum to the total of \$1,445,213, which is the total of the cash, cash equivalents, and restricted cash shown in the statement of cash flows.

Grants Receivable

Grants 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 recorded an allowance for doubtful accounts of \$6,000 at December 31, 2019 and 2018.

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

LABG records gifts of cash and other assets at fair value as of the date of contribution. Such donations are recorded as revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue without donor restrictions and net assets without donor restrictions.

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. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met. LABG has numerous grants for which the grantor agencies' promises to give are conditioned upon LABG incurring certain qualifying expenses under the grant programs. At December 31, 2019 and 2018, these conditional promises to give totaled approximately \$1,197,000 and \$1,065,000.

**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)**

Contributions (Continued)

Many of these amounts are conditioned upon the grantor's availability of funds for the grant purpose in future years mutual agreement to proceed with the grant project, and satisfactory performance under the grant agreements.

Donated Services

Donated services valued by LABG at \$314,600 and \$282,240 were received from private attorneys and others assigned to work with staff attorneys during 2019 and 2018, respectively. These services were valued at the normal hourly rates for attorneys in LABG's service area. These services are recognized both as support and expense, and therefore do not affect net assets.

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 and refundable advances are recognized to the extent cash advances exceed grant support earned.

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 2019 and 2018 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(c)(3) 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 functional expenses. Expenses have been classified based upon the actual direct expenditures and cost allocations. The most significant allocations are salaries and related expenses, which were allocated based upon estimates of time spent by LABG personnel, and occupancy and depreciation, which were allocated based on use of resources.

**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)**

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.

Effect of Adopting New Accounting Standard

In 2019, LABG adopted FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. The standard clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The standard also requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The adoption of this ASU created a refundable advance for barriers of a conditional contribution that had not been met yet. The refundable advance is related to Legal Services Corporation funds and is presented on the statement of financial position for the current year in the amount of \$160,650.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating, which will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for LABG's year ending December 31, 2021.

LABG is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events

LABG has evaluated subsequent events through June 11, 2020, which is the date the financial statements were available to be issued.

In early 2020, the emergency of the COVID-19 Coronavirus pandemic has led to significant volatility and declines in the global public equity markets. LABG is monitoring the evolving situation closely and evaluating its potential exposure. As of the date of this report, it is uncertain how long the volatility or jurisdictional mandates will continue, and to what extent if any it may impact the valuation and performance of the Organization.

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

**Notes to Financial Statements
(Continued)**

NOTE 2 AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure comprise of the following as of December 31:

	2019	2018
Cash and cash equivalents	\$ 1,370,443	\$ 1,439,020
Grants receivable	583,332	374,777
Promises to give	191,180	192,700
Distribution of assets from settlement	305,612	305,612
	\$ 2,450,567	\$ 2,312,109

Promises to give consist of the unreceived portion of awards from various United Way agencies.

Distribution of assets from settlement is from a 2016 \$1,528,058 settlement with Bank of America. The settlement is disbursed by the Kentucky IOLTA fund and is paid in 5 annual installments beginning in 2016 (see Note 4 for details regarding 2016 settlement).

LABG has a \$250,000 line of credit which it could draw upon in the event of an unanticipated liquidity need (see Note 6 for more details on the line of credit). There are no plans to utilize this source of funds in the next year.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable at December 31 consisted of the following:

	2019	2018
Bluegrass ADD	\$ 36,430	\$ 50,360
Boone County	7,048	5,954
Campbell County	6,060	5,464
Department of Justice	60,082	-
FIVCO ADD	25,629	25,571
Gateway ADD	32,771	29,095
HUD	48,456	44,617
Kenton County	1,460	-
LAV	102,319	6,232
LSC	1,427	-
Northern Kentucky ADD	35,181	32,198
Other organizations and local bar associations	66,286	10,283
VOCA	160,183	165,003
	\$ 583,332	\$ 374,777

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

**Notes to Financial Statements
(Continued)**

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31 consisted of the following:

	2019	2018
Due within one year	\$ 529,350	\$ 529,546
Due within one to five years	-	305,612
	529,350	835,158
Less unamortized discount	(44,333)	(78,256)
Less allowance for uncollectible pledges	(6,000)	(6,000)
	\$ 479,017	\$ 750,902

A discount rate of 4% was used for 2019 and 2018.

During 2016, the Kentucky Interest on Lawyers' Trust Accounts (IOLTA) received a settlement from Bank of America for the sole purpose of providing funds to legal aid organizations in the Commonwealth of Kentucky to be used for foreclosure prevention legal assistance and community redevelopment assistance. As part of the settlement, LABG was awarded \$1,528,272, of which \$305,612 was received for years ended December 31, 2019 and 2018. The final installment payment will be received in November 2020.

NOTE 5 PROPERTY AND EQUIPMENT

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

	2019	2018
Land, building and improvements	\$ 1,665,963	\$ 1,665,963
Office furniture and equipment	736,887	653,528
	2,402,850	2,319,491
Less accumulated depreciation	(1,054,828)	(944,774)
	\$ 1,348,022	\$ 1,374,717

NOTE 6 LINE OF CREDIT

LABG has available a \$250,000 line of credit at a bank. The line charges interest at the prime rate of 4.75% and 5.50% at December 31, 2019 and 2018, respectively. For the years ending December 31, 2019 and 2018, there were no borrowings on the line of credit. The line is collateralized by substantially all of LABG's assets and expires in June 2020. The line of credit has an option to renew annually.

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

**Notes to Financial Statements
(Continued)**

NOTE 7 NOTES PAYABLE

	2019	2018
<p>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.</p>	\$ 25,785	\$ 75,403
<p>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.</p>	320,146	345,506
<p>The Organization has a note payable to finance the purchase of an automobile. No interest is charged on the note. The note is collateralized by the automobile. Monthly payments of principal are \$1,097 until November 13, 2020.</p>	11,110	23,230
<p>The Organization has a note payable to finance the purchase of an automobile. The note charges a fixed interest rate of 1.9% and is collateralized by the automobile. Monthly payments of principal are \$1,057 until November 8, 2022.</p>	35,940	-
	\$ 392,981	\$ 444,139

Future principal payments at December 31, 2019, are:

2020	\$ 75,836
2021	40,435
2022	40,922
2023	30,802
2024	204,986
	\$ 392,981

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

**Notes to Financial Statements
(Continued)**

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 held the following time or purpose restrictions:

	2019	2018
Contributions receivable	\$ 216,329	\$ 216,548
IOLTA Bank of America settlement	490,487	772,177
IOLTA CY PRES	102,325	102,325
	\$ 809,141	\$ 1,091,050

NOTE 9 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 \$200 to \$2,210 per month. Total expense related to these leases was \$49,211 and \$35,132 for 2019 and 2018, respectively.

Future annual minimum lease payments at December 31, 2019 are as follows:

2020	\$ 27,004
2021	27,251
2022	27,498
2023	27,746
2024	27,994
	\$ 137,493

LABG leases a portion of its premises to a third party. Minimum future rental income under this non-cancellable lease as of December 31, 2019 is as follows:

2020	\$ 20,792
------	-----------

NOTE 10 PRIVATE ATTORNEY INVOLVEMENT

LABG is obligated to spend an amount equal to or greater than 12.5% of its Legal Services Corporation basic field grant on private attorney involvement (PAI) expenses. Also, 12.5% of the Kentucky filing fees must be used or committed for private attorney involvement activities during the year of receipt. LABG met all of these requirements for 2019 and 2018.

The following amounts were expended for private attorney involvement, which represented approximately 14% of the LSC basic field grant for 2019 and 2018, and 27% of Kentucky filing fees for 2019 and 2018.

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

**Notes to Financial Statements
(Continued)**

NOTE 10 PRIVATE ATTORNEY INVOLVEMENT (CONTINUED)

	2019	2018
Salaries	\$ 119,927	\$ 125,305
Fringe benefits	39,655	42,473
Telephone	5,311	3,547
Space - rent	6,160	5,761
Space - other	89	84
Office supplies	6,251	5,192
Library	2,823	2,837
Insurance	2,353	2,199
Annual recognition and training of volunteers	1,064	360
Litigation	378	203
Miscellaneous expense	9,818	11,083
Training	3,598	3,473
Travel	5,169	4,143
Contractual services	21,170	15,626
	\$ 223,766	\$ 222,286

NOTE 11 KENTUCKY EQUAL JUSTICE CENTER FUND

LABG committed \$52,968 and \$53,084 for 2019 and 2018, 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 12 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 publicly available. The Kentucky Retirement System issues a publicly 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 five percent of annual creditable compensation, whereas those hired after this date are required to contribute six percent of annual creditable compensation with one 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 12 RETIREMENT BENEFITS (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, 2019 and 2018, the year-end of the plan, was 16.22% and 14.48%, respectively, of participating members' compensations. The contribution requirement of LABG to the CERS for the years ended December 31, 2019 and 2018 was \$402,063 and \$332,122, respectively. There have been no significant changes that affect comparability of 2019 and 2018 contributions.

The following information is based on the financial statements of the Plan as of June 30 (shown in thousands):

	2019	2018
Actuarial value of assets	\$ 7,049,527	\$ 6,950,225
Actuarial accrued liability	14,356,114	13,191,505
Unfunded actuarial accrued liability	7,306,587	6,241,280
Total contributions received by the plan	393,453	358,017

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, 2019 and 2018, the year end of the plan, was 5.26% and 4.70%, respectively, of participating members' compensations. The contribution requirement of LABG to the KRS Insurance Fund for the years ended December 31, 2019 and 2018 was \$113,142 and \$107,749, respectively. There have been no significant changes that affect comparability of 2019 and 2018 contributions.

NOTE 13 SIGNIFICANT CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. During 2019 and 2018, 29% and 33% of all LABG's support and revenue was received from LSC, respectively.

SUPPLEMENTARY INFORMATION

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

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019**

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	\$ 1,603,789
Legal Services Corporation Vieth Leadership Grant	09.618004	KY-10 618004	539
Legal Services Corporation TIG Program	09.618004	KY-10 618004	<u>21,427</u>
Total for CFDA 09.618004			<u>1,625,755</u>
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-2018-2019 & AS-2019-2020	40,145
<i>Passed through Buffalo Trace Area Development District:</i> Helping the Elderly with Legal Problem Solving Title III-B of Older Americans	93.044	018-019-006, 019-020-001	7,533
<i>Passed through FIVCO Area Development District:</i> Helping the Elderly with Legal Problem Solving Title III-B of Older Americans	93.044	LAB 61ECF8B8-1A42-4A30-B173-63D278717947-Title III-1 & LAB 0B44E6B8-2E75-44D9-B994-E1593C227C26 Title III-2	9,737
Title III-B - Ombudsman of Older Americans	93.044	LAB 61ECF8B8-1A42-4A30-B173-63D278717947-Title III-1 & LAB 0B44E6B8-2E75-44D9-B994-E1593C227C26 Title III-2	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	20-03-05-LABG	18,300
Title III-B - Ombudsman of Older Americans	93.044	19-03-05-LABG & 20-03-05-LABG	14,800
<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-19-LA & HS-A-20-LA	<u>25,796</u>
Total for CFDA 93.044			<u>131,917</u>
<i>Passed through Bluegrass Area Development District:</i> SHIP (Consolidated Appropriations Act)	93.324	AS-2018-2019 & AS-2019-2020	54,868
<i>Passed through FIVCO Area Development District:</i> SHIP (Consolidated Appropriations Act)	93.324	LAB AB9CD306-FBB6-4E26-BF5E-4257C3544CF6 & LAB AB9CD306-FBB6-4E26-BF5E-4257C3544CF6-2	27,067
<i>Passed through Gateway Area Development District:</i> SHIP (Consolidated Appropriations Act)	93.324	19-06-LABG & 20-06-LABG	22,583
<i>Passed through Northern Kentucky Area Development District:</i> SHIP (Consolidated Appropriations Act)	93.324	HS-A-19-LA & HS-A-20-LA	<u>34,488</u>
Total for CFDA 93.324			<u>139,006</u>
<i>Passed through Bluegrass Area Development District:</i> Medicare Improvements for Patients and Providers Act MIPPA	93.071	AS-2018-2019 & AS-2019-2020	52,632

(Continued)

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

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2019**

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 PON 2 725 1900001159-1 & LAB PON 2 725 2000000094-1	12,707
<i>Passed through Gateway Area Development District:</i> Medicare Improvements for Patients and Providers Act MIPPA	93.071	19-06-LABG & 20-06-LABG	23,514
<i>Passed through the National Council on Aging:</i> Medicare Improvements for Patients and Providers Act Benefits Enrollment Center	93.071	90MINC0001	75,000
<i>Passed through Northern Kentucky Area Development District:</i> Medicare Improvements for Patients and Providers Act MIPPA	93.071	HS-A-19-LA & HS-A-20-LA	<u>38,731</u>
Total for CFDA 93.071			<u>202,584</u>
<i>Passed through FIVCO Area Development District:</i> Title VII of Older Americans Act - Elder Abuse	93.041	LAB 87D90275-F914-4067-8D70-275C6256ED5D-Title VII-1; LAB 63B8B31D-AD424BB7-A4DC-3E414ACEE7F2-Title VII	2,396
<i>Passed through Gateway Area Development District:</i> Title VII of Older Americans Act - Elder Abuse	93.041	19-03-05-LABG & 20-03-05-LABG	<u>1,524</u>
Total for CFDA 93.041			<u>3,920</u>
<i>Passed through FIVCO Area Development District:</i> Title VII of Older Americans Act - Ombudsman	93.042	LAB 87D90275-F914-4067-8D70-275C6256ED5D-Title VII-1 & LAB 63B8B31D-AD424BB7-A4DC-3E414ACEE7F2-Title VII	4,332
<i>Passed through Gateway Area Development District:</i> Title VII of Older Americans Act - Ombudsman	93.042	19-03-05-LABG & 20-03-05-LABG	<u>2,758</u>
Total for CFDA 93.042			<u>7,090</u>
Total U.S. Department of Health and Human Services			<u>484,517</u>
U.S. Department of Housing and Urban Development			
<i>Passed through West Tennessee Legal Services:</i> HUD	14.169	HC180011022 & HC190011022	91,924
Total U.S. Department of Housing and Urban Development			<u>91,924</u>
U.S. Department of Justice			
<i>Direct Award:</i> Department of Justice LAV Grant	16.524	2015-WL-AX-0028	199,992
Victim of Crimes Act 1984	16.575	VOCA-2018-Legal Aid-00037; VOCA-2019-Legal Aid-00015	587,336
Crime Victim Assistance - Removing Impediments to Stable Environments through Legal Intervention	16.582	2018-V3-GX-0068	<u>194,518</u>
Total U.S. Department of Justice			<u>981,846</u>
Total Expenditures of Federal Awards			<u>\$ 3,184,042</u>

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

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2019**

NOTE 1 BASIS OF PRESENTATION

The supplementary schedule of expenditures of federal awards includes the federal grant activity of LABG for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 SUBRECIPIENTS

LABG provided no federal awards to subrecipients.

NOTE 4 INDIRECT COST RATE

LABG has elected to use the 10% de minimis cost rate allowed under Uniform Guidance for the grants that allow for the de minimis cost rate to be utilized.

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

**Supplemental Statement of Activities
Unrestricted Net Assets - Summary
December 31, 2019**

	<u>Without donor restrictions</u>		<u>Total</u>
	<u>Operations</u>	<u>Property</u>	
Unrestricted support and revenue	\$ 5,300,516	\$ -	\$ 5,300,516
Expenses			
Salaries and benefits:			
Lawyers	1,413,966	-	1,413,966
Non-Lawyers	1,074,933	-	1,074,933
Lawyers' salaries - donated	314,600	-	314,600
Employee benefits	1,135,820	-	1,135,820
Total salaries and benefits	<u>3,939,319</u>	<u>-</u>	<u>3,939,319</u>
Grant to KEJCF	52,968	-	52,968
Contract services	560,726	-	560,726
Travel	95,916	-	95,916
Space and occupancy	114,294	-	114,294
Publications, dues and fees	30,283	-	30,283
Library updates	52,822	-	52,822
Telephone	98,675	-	98,675
Depreciation	-	110,055	110,055
Office expense	115,838	-	115,838
Litigation costs	6,956	-	6,956
Equipment rental, purchase and repair	134,406	-	134,406
Interest expense	18,335	-	18,335
Seminars and training	66,741	-	66,741
Insurance	43,657	-	43,657
Miscellaneous expense	35,749	-	35,749
Total expenses	<u>5,366,685</u>	<u>110,055</u>	<u>5,476,740</u>
Change in net assets	(66,169)	(110,055)	(176,224)
Acquisition of equipment and reclassifications	(134,518)	134,518	-
Net assets, beginning of year	<u>1,249,609</u>	<u>930,579</u>	<u>2,180,188</u>
Net assets, end of year	<u>\$ 1,048,922</u>	<u>\$ 955,042</u>	<u>\$ 2,003,964</u>

See independent auditors' report

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

**Supplemental Detail Statement of Activities
December 31, 2019**

	Anthem Expungement Grant	BEC SHIP Funding	Title III Bluegrass	MIPPA Bluegrass	SHIP HCFA Bluegrass	Boots on the Ground	Title III Buffalo Trace	Butler Foundation	Capital Campaign	Capital Campaign Lexington	Community Chest	Columbia Fellowship
Support and revenue												
Grants and contracts	\$ 2,000	\$ 80,000	\$ 40,145	\$ 52,632	\$ 54,868	\$ 1,000	\$ 7,533	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earned and other income	-	-	-	-	-	-	-	-	-	-	-	20,000
Capital campaign income	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	-	-	-	-	-	-	-	-	-	-	167,200	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	2,000	80,000	40,145	52,632	54,868	1,000	7,533	-	-	-	167,200	20,000
Net assets released from restrictions for the purpose of satisfying the following expenses												
Salaries and benefits												
Lawyers	-	-	26,457	4,260	1,849	-	4,755	-	-	-	23,110	12,375
Non-lawyers	-	31,261	2,403	21,642	23,499	565	450	-	-	-	39,055	-
Employee benefits	-	14,833	11,285	10,996	11,328	316	2,328	-	-	-	24,227	5,477
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-
Total salaries and benefits	-	46,094	40,145	36,898	36,676	881	7,533	-	-	-	86,392	17,852
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-	-
Children's Law Center	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Client Services- Attorney	-	-	-	-	-	-	-	-	-	-	-	-
Contract services	-	13,666	-	15,430	16,396	1,140	-	-	-	-	39,763	-
Travel	-	1,259	-	-	740	-	-	-	-	-	9,989	-
Space and occupancy	-	-	-	-	-	-	-	-	-	-	7,875	-
Publications, dues and fees	300	-	-	-	200	-	-	-	-	-	4,370	-
Library updates	-	-	-	-	-	-	-	-	-	-	7,287	-
Telephone	-	1,664	-	-	-	-	-	-	-	-	13,205	-
Office expense	-	8,772	-	304	476	480	-	-	33	-	7,256	-
Litigation costs	160	-	-	-	-	-	-	-	-	-	231	-
Equipment purchase, rental, and repair	-	2,389	-	-	-	-	-	-	-	-	49,336	-
Recognition & Community Education	-	-	-	-	120	-	-	-	-	-	84	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Seminars and training	-	1,156	-	-	260	-	-	-	-	-	9,798	-
Insurance	-	-	-	-	-	-	-	-	-	-	8,538	-
LAV Contractual Services	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	292	-
Net assets released from restrictions for the purpose of satisfying expenses	460	75,000	40,145	52,632	54,868	2,501	7,533	-	33	-	244,416	17,852
Change in net assets before equipment acquisitions and reclassifications	1,540	5,000	-	-	-	(1,501)	-	-	(33)	-	(77,216)	2,148
Equipment acquisitions and reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Net assets beginning of year	-	-	-	-	-	3,573	-	7,288	1,925	3,656	244,416	-
Net assets end of year	\$ 1,540	\$ 5,000	\$ -	\$ -	\$ -	\$ 2,072	\$ -	\$ 7,288	\$ 1,892	\$ 3,656	\$ 167,200	\$ 2,148

(Continued)

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

**Supplemental Detail Statement of Activities (Continued)
December 31, 2019**

	Covington Case	Cy Pres	DOJ Opioid Grant	Donations	Fayette County Bar Association	Elder Abuse FIVCO	MIPPA FIVCO	State Ombudsman FIVCO	SHIP HCFA FIVCO	Title III FIVCO	Title III Ombudsman FIVCO	Title VII Ombudsman FIVCO
Support and revenue												
Grants and contracts	\$ -	\$ -	\$ 194,518	\$ -	\$ 5,000	\$ 2,396	\$ 12,707	\$ 28,610	\$ 27,067	\$ 9,737	\$ 15,606	\$ 4,332
Interest earned and other income	-	-	-	-	-	-	-	-	-	-	-	-
Capital campaign income	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	-	-	-	46,861	240	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	-	-	194,518	46,861	5,240	2,396	12,707	28,610	27,067	9,737	15,606	4,332
Net assets released from restrictions for the purpose of satisfying the following expenses												
Salaries and benefits												
Lawyers	-	-	63,861	-	3,461	-	837	-	1,585	5,773	-	-
Non-lawyers	-	-	29,554	-	19	1,831	7,510	21,099	16,030	566	9,461	3,271
Employee benefits	-	-	52,706	-	1,520	565	3,786	7,256	8,015	3,398	3,045	1,061
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-
Total salaries and benefits	-	-	146,121	-	5,000	2,396	12,133	28,355	25,630	9,737	12,506	4,332
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-	-
Children's Law Services	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Client Services- Attorney	-	-	-	-	-	-	-	-	-	-	-	-
Contract services	-	-	19,364	-	-	-	574	-	1,204	-	3,017	-
Travel	-	-	2,417	487	-	-	-	-	123	-	-	-
Space and occupancy	-	-	6,128	-	-	-	-	-	-	-	-	-
Publications, dues and fees	-	-	-	1,000	-	-	-	-	-	-	-	-
Library updates	-	-	3,899	-	-	-	-	-	-	-	-	-
Telephone	-	-	8,772	-	-	-	-	-	-	-	-	-
Office expense	-	-	5,015	1,905	-	-	-	255	110	-	83	-
Litigation costs	-	-	-	-	-	-	-	-	-	-	-	-
Equipment purchase, rental, and repair	-	-	-	-	-	-	-	-	-	-	-	-
Recognition & Community Education	-	-	-	12,135	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Seminars and training	-	-	2,802	225	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
LAV Contractual Services	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	2,634	-	-	-	-	-	-	-	-
Net assets released from restrictions for the purpose of satisfying expenses	-	-	194,518	18,386	5,000	2,396	12,707	28,610	27,067	9,737	15,606	4,332
Change in net assets before equipment acquisitions and reclassifications	-	-	-	28,475	240	-	-	-	-	-	-	-
Equipment acquisitions and reclassifications	-	-	-	-	-	-	-	-	-	-	-	-
Net assets beginning of year	11,798	46,552	-	179,335	5,000	-	-	-	-	-	-	-
Net assets end of year	\$ 11,798	\$ 46,552	\$ -	\$ 207,810	\$ 5,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

**Supplemental Detail Statement of Activities (Continued)
December 31, 2019**

	Franklin County Fiscal Court	Elder Abuse Gateway	LTC State Gateway	MIPPA Gateway	SHIP HCFA Gateway	Title III Gateway	Title III Ombudsman Gateway	Title VII Ombudsman Gateway	Anonymous Foundation	Heart of Kentucky United Way	Horizon Community Funds	HUD	IOLTA Bank of America	IOLTA CY Pres
Support and revenue														
Grants and contracts	\$ 1,250	\$ 1,524	\$ 27,821	\$ 23,514	\$ 22,583	\$ 18,300	\$ 14,800	\$ 2,758	\$ -	\$ -	\$ 15,000	\$ 91,924	\$ -	\$ -
Interest earned and other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital campaign income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	-	-	-	-	-	-	-	-	-	17,500	-	-	33,923	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	1,250	1,524	27,821	23,514	22,583	18,300	14,800	2,758	-	17,500	15,000	91,924	33,923	-
Net assets released from restrictions for the purpose of satisfying the following expenses														
Salaries and benefits:														
Lawyers	418	-	-	2,019	1,909	11,837	-	-	-	3,715	2,500	36,070	48,370	-
Non-lawyers	-	974	17,782	13,326	12,867	1,040	9,406	1,763	-	6,626	2,500	20,156	46,807	-
Employee benefits	182	550	10,039	7,029	6,737	5,423	5,311	995	-	4,071	2,183	27,342	40,320	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total salaries and benefits	600	1,524	27,821	22,374	21,513	18,300	14,717	2,758	-	14,412	7,183	83,568	135,497	-
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Children's Law Center	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Client Services- Attorney	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract services	-	-	-	1,140	1,044	-	-	-	-	2,974	5,040	2,584	44,952	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	17,309	-
Space and occupancy	-	-	-	-	-	-	-	-	-	-	-	2,062	6,841	-
Publications, dues and fees	-	-	-	-	-	-	-	-	-	-	-	-	7,371	-
Library updates	-	-	-	-	-	-	-	-	-	-	-	-	8,351	-
Telephone	-	-	-	-	-	-	-	-	-	-	-	1,804	14,639	-
Office expense	-	-	-	-	-	-	83	-	-	-	-	653	10,473	-
Litigation costs	-	-	-	-	-	-	-	-	1,000	-	-	-	1,075	-
Equipment purchase, rental, and repair	-	-	-	-	-	-	-	-	-	-	-	-	47,457	-
Recognition & Community Education	-	-	-	-	-	-	-	-	-	-	-	-	149	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seminars and training	-	-	-	-	26	-	-	-	-	114	-	180	15,331	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	5,635	-
LAV Contractual Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-	-	532	-
Net assets released from restrictions for the purpose of satisfying expenses	600	1,524	27,821	23,514	22,583	18,300	14,800	2,758	1,000	17,500	12,223	91,924	315,612	-
Change in net assets before equipment acquisitions and reclassifications	650	-	-	-	-	-	-	-	(1,000)	-	2,777	-	(281,689)	-
Equipment acquisitions and reclassifications	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets beginning of year	-	-	-	-	-	-	-	-	26,190	17,500	-	-	772,176	55,773
Net assets end of year	\$ 650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,190	\$ 17,500	\$ 2,777	\$ -	\$ 490,487	\$ 55,773

(Continued)

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

**Supplemental Detail Statement of Activities (Continued)
December 31, 2019**

	IOLTA Fellow	IOLTA PAI	Kentucky Bar Foundation	Kentucky Filing Fee - PAI	Kentucky Filing Fee - Other	Kentucky Housing Corp	Kentucky General Fund	LAV Grant	Legal Aid BG Louisville Custody	Legal Services Corporation PAI	Legal Services Corporation	Legal Services Corporation TIG (19003)
Support and revenue												
Grants and contracts	\$ 62,933	\$ 68,922	\$ 10,000	\$ 143,407	\$ 652,543	\$ 2,040	\$ 175,464	\$ 199,992	\$ 12,000	\$ 62,188	\$ 1,387,685	\$ 1,427
Interest earned and other income	-	-	-	-	620	-	-	-	-	-	301	-
Capital campaign contributions	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	62,933	68,922	10,000	143,407	653,163	2,040	175,464	199,992	12,000	62,188	1,387,986	1,427
Net assets released from restrictions for the purpose of satisfying the following expenses												
Salaries and benefits												
Lawyers	9,073	21,448	-	33,711	61,653	1,413	17,962	95,545	6,205	19,008	490,020	-
Non-lawyers	13,582	13,432	-	20,653	145,559	-	42,059	-	943	10,633	386,683	-
Employee benefits	9,083	11,616	-	18,052	89,157	627	25,050	45,435	3,633	9,621	404,006	-
Total salaries and benefits	31,738	46,496	-	72,416	296,369	2,040	85,071	140,980	10,781	39,262	1,280,709	-
Grant to KEJCF	-	-	-	-	52,968	-	-	-	-	-	-	-
Children's Law Center	-	-	-	-	58,854	-	-	-	-	-	-	-
Contracted Client Services- Attorney	-	-	-	38,187	-	-	-	-	-	6,926	-	-
Contract services	8,706	4,904	3,999	8,480	32,657	-	8,900	5,046	-	7,786	79,152	-
Travel	1,831	1,573	-	3,284	41,135	-	1,182	2,214	-	1,183	9,388	-
Space and occupancy	532	1,852	-	2,877	10,292	-	4,940	4,256	-	1,431	53,867	-
Publications, dues and fees	158	823	21	823	12,245	-	2,872	-	-	-	-	-
Library updates	2,437	804	-	1,293	6,858	-	2,037	-	-	726	18,290	-
Telephone	584	1,561	-	2,459	14,769	-	1,438	-	-	1,291	34,232	-
Office expense	2,586	1,838	-	2,876	22,486	-	2,303	-	219	1,536	41,581	-
Litigation costs	42	114	-	171	1,969	-	107	-	-	94	1,993	-
Equipment purchase, rental, and repair	11,829	3,399	-	3,414	7,864	-	-	-	-	21	3,649	-
Recognition & Community Education	28	1,038	-	3,707	(834)	-	66	-	-	179	4,456	-
Interest	-	148	-	248	17,939	-	-	-	-	-	-	-
Seminars and training	280	2,392	20	1,662	24,686	-	1,123	2,246	-	860	(860)	1,427
Insurance	227	691	-	1,088	6,659	-	543	-	-	573	15,144	-
LAV Contractual Services	-	-	-	-	-	-	-	37,480	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	99	1,289	-	422	1,430	-	237	-	-	320	-	-
Net assets released from restrictions for the purpose of satisfying expenses	61,077	68,922	4,040	143,407	608,346	2,040	110,819	192,222	11,000	62,188	1,541,601	1,427
Change in net assets before equipment acquisitions and reclassifications	1,856	-	5,960	-	44,817	-	64,645	7,770	1,000	-	(153,615)	-
Equipment acquisitions and reclassifications	-	-	-	-	(88,575)	-	(33,844)	-	-	-	-	-
Net assets beginning of year	74,400	-	-	-	137,143	-	106,502	-	5,000	-	153,615	-
Net assets end of year	\$ 76,256	\$ -	\$ 5,960	\$ -	\$ 93,385	\$ -	\$ 137,303	\$ 7,770	\$ 6,000	\$ -	\$ -	\$ -

(Continued)

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

**Supplemental Detail Statement of Activities (Continued)
December 31, 2019**

	Legal Services Corporation TIG (18028)	Legal Services Vieth Leadership Grant	Boone County Homeless Outreach	Boone County	Campbell County	Kenton County	HCFA NKADD	MIPPA NKADD	Title III NKADD	Ohio Valley United Charities	PNC Charitable Trust
Support and revenue											
Grants and contracts	\$ 10,400	\$ -	\$ 1,393	\$ 21,644	\$ 18,877	\$ 17,000	\$ 34,488	\$ 38,731	\$ 25,796	\$ -	\$ -
Interest earned and other income	-	-	-	-	-	-	-	-	-	-	-
Capital campaign contributions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	10,400	-	1,393	21,644	18,877	17,000	34,488	38,731	25,796	-	-
Net assets released from restrictions for the purpose of satisfying the following expenses											
Salaries and Benefits											
Lawyers	-	-	947	13,825	11,927	11,360	2,009	2,345	16,274	3,371	9,347
Non-lawyers	-	-	-	1,139	1,165	349	20,832	23,232	1,380	-	3,825
Employee benefits	-	-	446	6,680	5,785	5,291	10,027	11,385	8,142	1,362	5,458
Donated legal services	-	-	-	-	-	-	-	-	-	-	-
Total salaries and benefits	-	-	1,393	21,644	18,877	17,000	32,868	36,962	25,796	4,733	18,630
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-
Children's Law Center	-	-	-	-	-	-	-	-	-	-	-
Contracted Client Services- Attorney	-	-	-	-	-	-	-	-	-	-	-
Contract services	20,000	-	-	-	-	-	1,520	1,769	-	-	7,200
Travel	-	-	-	-	-	-	-	-	-	-	-
Space and occupancy	-	-	-	-	-	-	-	-	-	-	2,183
Publications, dues and fees	-	-	-	-	-	-	100	-	-	-	-
Library updates	-	-	-	-	-	-	-	-	-	-	840
Telephone	-	-	-	-	-	-	-	-	-	-	-
Office expense	-	-	-	-	-	-	-	-	-	-	1,147
Litigation costs	-	-	-	-	-	-	-	-	-	-	-
Equipment purchase, rental, and repair	-	-	-	-	-	-	-	-	-	-	-
Recognition & Community Education	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Seminars and training	-	539	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-
LAV Contractual Services	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for the purpose of satisfying expenses	20,000	539	1,393	21,644	18,877	17,000	34,488	38,731	25,796	4,733	30,000
Change in net assets before equipment acquisitions and reclassifications	(9,600)	(539)	-	-	-	-	-	-	-	(4,733)	(30,000)
Equipment acquisitions and reclassifications	-	-	-	-	-	-	-	-	-	-	-
Net assets beginning of year	9,600	539	-	-	-	-	-	-	-	4,733	40,000
Net assets end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000

(Continued)

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

**Supplemental Detail Statement of Activities (Continued)
December 31, 2019**

	PNC Foundation	Anonymous Foundation	Rental Earned Income	Service Generated Income	State of Kentucky Health Insurance	United Way of Franklin County	United Way of the Bluegrass	VOCA (PAI)	VOCA	Unclassified	Total
Support and revenue											
Grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,848	\$ 572,488	\$ -	\$ 4,291,891
Interest earned and other income	-	-	-	25,060	-	-	-	-	-	51,551	97,532
Capital campaign contributions	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	7,200	-	-	-	-	4,321	12,960	-	-	-	290,205
Rental income	-	-	24,385	-	-	-	-	-	-	-	24,385
Donated legal services	-	-	-	-	-	-	-	-	-	314,600	314,600
Total support and revenue	7,200	-	24,385	25,060	-	4,321	12,960	14,848	572,488	366,151	5,018,613
Net assets released from restrictions for the purpose of satisfying the following expenses											
Salaries and Benefits											
Lawyers	238	-	-	-	-	406	3,237	1,043	326,438	-	1,413,966
Non-lawyers	7,183	-	-	-	-	2,373	5,240	-	33,207	-	1,074,932
Employee benefits	2,579	-	-	-	-	1,220	3,526	365	183,641	1,309	1,135,820
Donated legal services	-	-	-	-	-	-	-	-	-	314,600	314,600
Total salaries and benefits	10,000	-	-	-	-	3,999	12,003	1,408	543,286	315,909	3,939,318
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	52,968
Children's Law Center	-	-	-	-	-	-	-	-	-	-	58,854
Contracted Client Services- Attorney	-	-	-	-	-	-	-	13,440	10,705	-	69,258
Contract services	-	-	-	-	-	-	-	-	-	36,727	395,134
Travel	-	-	-	-	-	-	-	-	-	729	95,916
Space and occupancy	-	-	2,954	-	-	-	-	-	6,205	-	114,295
Publications, dues and fees	-	-	-	-	-	-	-	-	-	-	30,283
Library updates	-	-	-	-	-	-	-	-	-	-	52,822
Telephone	-	-	-	-	-	-	-	-	1,253	1,004	98,675
Office expense	-	-	-	-	-	-	-	-	1,475	1,850	115,795
Litigation costs	-	-	-	-	-	-	-	-	-	-	6,956
Equipment purchase, rental, and repair	-	-	-	-	-	-	-	-	5,005	94	134,457
Recognition & Community Education	-	-	-	-	-	-	-	-	-	3,648	24,776
Interest	-	-	-	-	-	-	-	-	-	-	18,335
Seminars and training	-	-	-	-	-	-	-	-	-	2,474	66,741
Insurance	-	-	-	-	-	-	-	-	4,559	-	43,657
LAV Contractual Services	-	-	-	-	-	-	-	-	-	-	37,480
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	3,716	10,971
Net assets released from restrictions for the purpose of satisfying expenses	10,000	-	2,954	-	-	3,999	12,003	14,848	572,488	366,151	5,366,691
Change in net assets before equipment acquisitions and reclassifications	(2,800)	-	21,431	25,060	-	322	957	-	-	-	(348,078)
Equipment acquisitions and reclassifications	-	-	(12,099)	-	-	-	-	-	-	-	(134,518)
Net assets beginning of year	10,000	44,365	216,352	50,340	100,887	2,000	10,001	-	-	-	2,340,659
Net assets end of year	\$ 7,200	\$ 44,365	\$ 225,684	\$ 75,400	\$ 100,887	\$ 2,322	\$ 10,958	\$ -	\$ -	\$ -	\$ 1,858,063

Note: Does not include capital activity.

See independent auditors' report

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

**Supplemental Schedule – Summary of Funding
December 31, 2019**

	Period	Award Amount	Recognized in 2019
BEC SHIP Funding	01/18 - 12/18	\$ 70,000	\$ 70,000
	07/19 - 11/19	5,000	5,000
BEC Boost Your Budget Grant	12/19 - 05/20	5,000	5,000
Bluegrass Area Development District			
Title III	07/18 - 06/19	26,830	13,315
	07/19 - 06/20	30,902	26,830
MIPPA	10/18 - 09/19	51,732	38,799
	10/19 - 09/20	55,323	13,833
SHIP	07/18 - 06/19	56,923	9,402
	07/19 - 06/20	90,932	45,466
Buffalo Trace Area Development District			
Title III	07/19 - 06/20	8,000	7,533
Department of Justice - Opioid Grant	10/18 - 09/21	666,176	194,518
FIVCO			
Title VII Ombudsman	07/18 - 06/19	4,437	2,226
	07/19 - 06/20	4,213	2,106
Title VII Elder Abuse	07/18 - 06/19	2,394	1,196
	07/19 - 06/20	2,400	1,200
State Long Term Care Ombudsman	07/18 - 06/19	28,548	14,274
	07/19 - 06/20	28,670	14,336
MIPPA	10/18 - 09/19	12,971	9,728
	10/19 - 09/20	11,917	2,979
Title III B Ombudsman	07/18 - 06/19	15,606	7,804
	07/19 - 06/20	15,606	7,802
SHIP	07/18 - 06/19	24,157	12,079
	07/19 - 06/20	29,977	14,988
Title III Legal Assistance	07/18 - 06/19	9,737	4,869
	07/19 - 06/20	9,737	4,868
Gateway Area Development District			
Elder Abuse	07/18 - 06/19	1,534	766
	07/19 - 06/20	1,515	758
LTC STATE	07/18 - 06/19	27,989	13,903
	07/19 - 06/20	27,836	13,918
Title IIIB Ombudsman	07/18 - 06/19	14,800	7,400
	07/19 - 06/20	14,800	7,400
Title IIIB Legal Assistance	07/19 - 06/20	18,300	18,300
Title VII Ombudsman	07/18 - 06/19	2,843	1,428
	07/19 - 06/20	2,661	1,330
SHIP	07/18 - 06/19	22,167	11,083
	07/19 - 06/20	22,998	11,500
MIPPA	07/18 - 06/19	25,691	12,410
	07/19 - 06/20	22,284	11,104

(Continued)

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

**Supplemental Schedule – Summary of Funding (Continued)
December 31, 2019**

	Period	Award Amount	Recognized in 2019
Horizon Community Fund	07/19 - 06/20	\$ 15,000	\$ 15,000
HUD Western Tennessee Legal Services	07/18 - 09/19	91,000	66,243
	10/18 - 03/20	100,614	25,681
IOLTA	09/18 - 08/19	113,627	75,751
	09/19 - 08/20	168,313	56,104
Kentucky File Fee (Access to Justice)	01/19 - 12/19	795,950	795,950
Kentucky Housing Corp.	07/19 - 06/20	5,000	2,040
Kentucky General Fund	01/19 - 12/19	175,464	175,464
Legal Aid Society of Louisville			
Visitation and Custody Hotline	07/18 - 06/19	12,000	6,000
	07/19 - 06/20	12,000	6,000
Legal Assistance to Victims	10/15 - 09/21	1,200,000	199,992
LSC			
Legal Services Corp. Basic	01/19 - 12/19	1,610,521	1,449,871
Legal Services Corp. TIG	07/18 - 06/19	26,000	10,400
Legal Services Corp. TIG	10/19 - 07/23	176,966	1,427
NKADD			
Boone County	07/18 - 06/19	18,000	9,799
	07/19 - 06/20	19,000	13,238
Campbell County	07/18 - 06/19	16,010	5,117
	07/19 - 06/20	16,000	13,760
Kenton County	06/18 - 05/19	2,500	-
	06/19 - 05/20	22,000	17,000
SHIP	07/18 - 06/19	36,690	14,893
	07/19 - 06/20	39,190	19,595
MIPPA	10/18 - 09/19	38,485	28,864
	10/19 - 09/20	39,468	9,867
Title III	07/18 - 06/19	21,067	-
	07/19 - 06/20	26,067	25,796
VOCA	10/18 - 09/19	592,156	427,153
	10/19 - 09/20	767,543	160,183
Other	Various		19,250
			<u>\$ 4,291,889</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 (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 June 11, 2020.

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 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 a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and 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.



June 11, 2020
Crestview Hills, Kentucky

**INDEPENDENT AUDITORS' 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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, 2019.

**INDEPENDENT AUDITORS' 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

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.

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.



June 11, 2020
Crestview Hills, Kentucky

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

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2019**

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 200.516(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? _____ Yes X No *

* During 2016, the Office of Inspector General (OIG) issued guidance that LSC funding recipients were automatically deemed a high-risk auditee.

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, 2019**

Reference Number	Summary of Finding	Status
No matters are reportable		