

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

**Financial Statements with Supplementary Information**  
**December 31, 2021 and 2020, and**  
**Independent Auditors' Report**

**NORTHERN KENTUCKY LEGAL AID SOCIETY, INC.**  
**(DBA LEGAL AID OF THE BLUEGRASS)**  
**December 31, 2021 and 2020**

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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 Audit of the Financial Statements**

#### **Opinion**

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements 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, 2021 and 2020 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.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northern Kentucky Legal Aid Society, Inc. (DBA Legal Aid of the Bluegrass) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Kentucky Legal Aid Society, Inc. (DBA Legal Aid of the Bluegrass)'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

## **Independent Auditors' Report (Continued)**

### ***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northern Kentucky Legal Aid Society, Inc. (DBA Legal Aid of the Bluegrass)'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Kentucky Legal Aid Society, Inc. (DBA Legal Aid of the Bluegrass)'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we audited during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of unrestricted net assets summary and detail, the summary of funding and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of unrestricted net assets summary and detail, the summary of funding and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Independent Auditors' Report  
(Continued)**

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2022, 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.

*Barnes, Dennig & Co., Ltd.*

April 28, 2022  
Crestview Hills, Kentucky

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

**Statements of Financial Position  
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,802,990	\$ 2,088,171
Grants receivable	841,406	914,183
Contributions receivable, net	104,074	176,695
Prepaid expenses	33,439	41,856
Client escrow funds	38,124	3,095
Property and equipment, net	<u>1,243,137</u>	<u>1,314,057</u>
Total assets	<u>\$ 4,063,170</u>	<u>\$ 4,538,057</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 34,320	\$ 34,697
Accrued compensated absences	106,902	84,940
Accrued payroll and payroll taxes	200,077	246,791
Client trust deposits	38,124	3,095
Deferred revenue	99,857	82,879
Refundable advance	189,831	830,891
Notes payable	<u>279,623</u>	<u>317,457</u>
Total liabilities	<u>948,734</u>	<u>1,600,750</u>
<b>Net Assets</b>		
<b>Without donor restrictions</b>		
Net investment in property and equipment	963,514	996,600
Operating	<u>1,663,279</u>	<u>1,165,935</u>
Total net assets without donor restrictions	2,626,793	2,162,535
<b>With donor restrictions</b>		
	<u>487,643</u>	<u>774,772</u>
Total net assets	<u>3,114,436</u>	<u>2,937,307</u>
Total liabilities and net assets	<u>\$ 4,063,170</u>	<u>\$ 4,538,057</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, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue</b>			
Grants and contracts	\$ 3,353,791	\$ 2,537,712	\$ 5,891,503
Interest and other income	52,172	-	52,172
Other contributions	94,593	99,672	194,265
Rental income	28,377	-	28,377
Donated legal services	305,280	-	305,280
Net assets released from restrictions	2,924,513	(2,924,513)	-
Total support and revenue	6,758,726	(287,129)	6,471,597
<b>Expenses</b>			
Salaries and benefits:			
Lawyers	1,595,379	-	1,595,379
Non-lawyers	1,416,794	-	1,416,794
Lawyer's salaries - donated	305,280	-	305,280
Employee benefits	1,482,426	-	1,482,426
Total salaries and benefits	4,799,879	-	4,799,879
Grant to KEJCF	51,732	-	51,732
Contract services	667,972	-	667,972
Travel	64,000	-	64,000
Space and occupancy	118,072	-	118,072
Publications, dues and fees	25,741	-	25,741
Library updates	47,345	-	47,345
Telephone	95,037	-	95,037
Depreciation	92,261	-	92,261
Office expense	81,761	-	81,761
Litigation costs	21,373	-	21,373
Equipment rental, purchase and repair	133,707	-	133,707
Interest expense	11,535	-	11,535
Seminars and training	24,446	-	24,446
Insurance	50,837	-	50,837
Miscellaneous expense	8,770	-	8,770
Total expenses	6,294,468	-	6,294,468
<b>Change in net assets</b>	464,258	(287,129)	177,129
<b>Net assets, beginning of year</b>	2,162,535	774,772	2,937,307
<b>Net assets, end of year</b>	\$ 2,626,793	\$ 487,643	\$ 3,114,436

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, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue</b>			
Grants and contracts	\$ 2,386,581	\$ 2,127,161	\$ 4,513,742
Payroll Protection Program grant	682,057	-	682,057
Interest and other income	79,667	-	79,667
Other contributions	97,093	185,727	282,820
Rental income	27,365	-	27,365
Donated legal services	176,400	-	176,400
Net assets released from restrictions	2,347,257	(2,347,257)	-
Total support and revenue	5,796,420	(34,369)	5,762,051
<b>Expenses</b>			
Salaries and benefits:			
Lawyers	1,465,211	-	1,465,211
Non-lawyers	1,155,052	-	1,155,052
Lawyer's salaries - donated	176,400	-	176,400
Employee benefits	1,224,508	-	1,224,508
Total salaries and benefits	4,021,171	-	4,021,171
Grant to KEJCF	53,216	-	53,216
Contract services	673,649	-	673,649
Travel	43,549	-	43,549
Space and occupancy	124,876	-	124,876
Publications, dues and fees	27,424	-	27,424
Library updates	56,192	-	56,192
Telephone	89,175	-	89,175
Depreciation	114,259	-	114,259
Office expense	96,427	-	96,427
Litigation costs	27,615	-	27,615
Equipment rental, purchase and repair	201,308	-	201,308
Interest expense	15,369	-	15,369
Seminars and training	19,047	-	19,047
Insurance	46,230	-	46,230
Bad debt expense	24,348	-	24,348
Miscellaneous expense	3,994	-	3,994
Total expenses	5,637,849	-	5,637,849
<b>Change in net assets</b>	158,571	(34,369)	124,202
<b>Net assets, beginning of year</b>	2,003,964	809,141	2,813,105
<b>Net assets, end of year</b>	\$ 2,162,535	\$ 774,772	\$ 2,937,307

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, 2021**

	<u>Legal Services</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>
<b>Salaries and benefits</b>				
Lawyers	\$ 1,439,830	\$ 125,847	\$ 29,702	\$ 1,595,379
Non-lawyers	1,062,595	212,261	141,938	1,416,794
Employee benefits	1,260,062	137,892	84,472	1,482,426
 Total salaries and related expenses	 3,762,487	 476,000	 256,112	 4,494,599
<b>Other expenses</b>				
Grant to KEJCF	46,041	5,691	-	51,732
Contract services	557,793	110,179	-	667,972
Travel	56,959	4,762	2,279	64,000
Space and occupancy	105,084	8,784	4,204	118,072
Publications, dues and fees	22,909	1,916	916	25,741
Library updates	42,137	3,523	1,685	47,345
Telephone	84,583	7,071	3,383	95,037
Office expense	72,767	6,083	2,911	81,761
Litigation costs	19,022	2,351	-	21,373
Equipment purchase, rental and repair	118,999	9,948	4,760	133,707
Interest expense	10,266	858	411	11,535
Seminars and training	21,757	1,818	871	24,446
Insurance	45,245	3,783	1,809	50,837
Miscellaneous expense	7,805	653	312	8,770
 Total expenses before donated services and depreciation	 4,973,854	 643,420	 279,653	 5,896,927
<b>Donated services</b>	274,752	30,528	-	305,280
<b>Depreciation</b>	82,112	6,865	3,284	92,261
	<u>\$ 5,330,718</u>	<u>\$ 680,813</u>	<u>\$ 282,937</u>	<u>\$ 6,294,468</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, 2020**

	<u>Legal Services</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>
<b>Salaries and benefits</b>				
Lawyers	\$ 1,362,648	\$ 74,243	\$ 28,322	\$ 1,465,213
Non-lawyers	854,738	184,083	116,230	1,155,051
Employee benefits	1,040,831	116,124	67,552	1,224,507
Total salaries and related expenses	3,258,217	374,450	212,104	3,844,771
<b>Other expenses</b>				
Grant to KEJCF	47,362	5,854	-	53,216
Contract services	552,023	121,626	-	673,649
Travel	38,759	3,239	1,551	43,549
Space and occupancy	111,140	9,291	4,445	124,876
Publications, dues and fees	24,407	2,041	976	27,424
Library updates	50,011	4,181	2,000	56,192
Telephone	79,366	6,634	3,175	89,175
Office expense	85,820	7,174	3,433	96,427
Litigation costs	24,577	3,038	-	27,615
Equipment purchase, rental and repair	179,164	14,977	7,167	201,308
Interest expense	13,678	1,144	547	15,369
Seminars and training	16,952	1,416	679	19,047
Insurance	41,145	3,440	1,645	46,230
Bad debt expense	21,670	1,811	867	24,348
Miscellaneous expense	3,555	296	143	3,994
Total expenses before donated services and depreciation	4,547,846	560,612	238,732	5,347,190
<b>Donated services</b>	158,760	17,640	-	176,400
<b>Depreciation</b>	101,691	8,500	4,068	114,259
	<u>\$ 4,808,297</u>	<u>\$ 586,752</u>	<u>\$ 242,800</u>	<u>\$ 5,637,849</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, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 177,129	\$ 124,202
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	92,261	114,259
Bad debt expense	-	24,348
Receipts of client escrow funds held in agency transactions	51,497	4,954
Payments of client escrow funds held in agency transactions	(16,468)	(7,589)
Changes in:		
Grants receivable	72,777	(355,199)
Contributions receivable, net	72,621	302,322
Prepaid expenses	8,417	16,503
Accounts payable	(377)	(35,465)
Accrued compensated absences	21,962	15,397
Accrued payroll and payroll taxes	(46,714)	26,267
Deferred revenue	16,978	(29,329)
Refundable advance	(641,060)	670,241
	(190,977)	870,911
Net cash provided by operating activities		
<b>Cash flows used by investing activities</b>		
Purchase of property and equipment	(21,341)	(80,293)
<b>Cash flows used by financing activities</b>		
Principal payments on notes payable	(37,834)	(75,524)
<b>Net change in cash, cash equivalents, and restricted cash</b>	(250,152)	715,094
<b>Cash, cash equivalents, and restricted cash, beginning of year</b>	2,091,266	1,376,172
<b>Cash, cash equivalents, and restricted cash, end of year</b>	\$ 1,841,114	\$ 2,091,266
<b>Supplemental cash flows information</b>		
Interest paid	\$ 11,535	\$ 15,369

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 \$1,065,759 and \$1,223,254 as of December 31, 2021 and 2020, 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, 2021, cash and cash equivalents of \$1,802,990 and client escrow funds of \$38,124 reported within the statement of financial position sum to the total of \$1,841,114, which is the total of the cash, cash equivalents, and restricted cash shown in the statement of cash flows. At December 31, 2020, cash and cash equivalents of \$2,088,171 and client escrow funds of \$3,095 reported within the statement of financial position sum to the total of \$2,091,266, 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, 2021 and 2020.

***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, 2021 and 2020, these conditional promises to give totaled approximately \$1,600,000 and \$965,000.

(Continued)

**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 \$305,280 and \$176,400 were received from private attorneys and others assigned to work with staff attorneys during 2021 and 2020, 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 2021 and 2020 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.

***Paycheck Protection Program (PPP) Grant***

On May 6, 2020, LABG entered into a term note pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (CARES Act) Paycheck Protection Program (the Program) for \$682,057. The loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the loan is subject to forgiveness under the Program to the extent that the loan proceeds are used to pay expenses permitted by the Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by LABG. To the extent that all of part of the loan is not forgiven, LABG will be required to make principal and interest payments according to the terms of the agreement.

(Continued)

**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)**

***Paycheck Protection Program (PPP) Grant (Continued)***

The LABG applied the conditional contribution guidance pursuant to ASC 958-605 to determine the derecognition of the liability. In accordance with this guidance, the derecognition threshold for the liability is when the conditions of the Program are “substantially met” and occur on or before the statement of financial position date. As of December 31, 2020, LABG estimated that all significant conditions under the Program had been substantially met and recognized the entire amount of funding as revenue during 2020. In 2021, LABG received notice that the loan was forgiven in full.

***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.

***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.

***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, 2022.

(Continued)

**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)**

***New Accounting Standards (Continued)***

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard presents transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy, and qualitative information about monetization and utilization, description of valuation techniques and inputs used to arrive at a fair value measure, and donor-imposed restrictions associated with the contributed nonfinancial assets. This standard will be effective for LABG's fiscal year ending December 31, 2022.

LABG is currently in the process of evaluating the impact of adoption of these ASUs on the financial statements.

***Subsequent Events***

LABG has evaluated subsequent events through April 28, 2022, which is the date the financial statements were available to be issued.

**NOTE 2 AVAILABILITY OF FINANCIAL ASSETS**

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

	2021	2020
Cash and cash equivalents	\$ 1,802,990	\$ 2,088,171
Grants receivable	785,277	914,003
Promises to give	110,074	175,574
	\$ 2,698,341	\$ 3,177,748

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

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.

(Continued)



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

**Notes to Financial Statements  
(Continued)**

**NOTE 3 ACCOUNTS RECEIVABLE**

Accounts receivable at December 31 consisted of the following:

	<u>2021</u>	<u>2020</u>
Bluegrass ADD	\$ 53,560	\$ 37,671
Boone County	696	5,355
Campbell County	1,882	4,437
Commonwealth of Kentucky	-	50,625
Department of Justice	-	145,438
Equal Justice Works	12,400	-
FIVCO ADD	61,386	29,391
Gateway ADD	28,331	26,055
Goodwill Industries of Kentucky	26,034	49,984
HUD	52,584	56,295
Kenton County	4,698	8,012
Kentucky Justice Cabinet	112,873	-
LAV	35,847	250,034
LFUGC	101,016	-
LSC	8,105	14,000
Northern Kentucky ADD	48,307	24,157
Other organizations and local bar associations	83,364	65,529
VOCA	210,323	147,200
	<u>\$ 841,406</u>	<u>\$ 914,183</u>

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of December 31 consisted of the following:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 110,074	\$ 182,695
Less allowance for uncollectible pledges	<u>(6,000)</u>	<u>(6,000)</u>
	<u>\$ 104,074</u>	<u>\$ 176,695</u>

(Continued)

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

**Notes to Financial Statements  
(Continued)**

**NOTE 5 PROPERTY AND EQUIPMENT**

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

	2021	2020
Land, building and improvements	\$ 1,665,963	\$ 1,665,964
Office furniture and equipment	820,396	817,180
	2,486,359	2,483,144
Less accumulated depreciation	(1,243,222)	(1,169,087)
	\$ 1,243,137	\$ 1,314,057

For 2021 and 2020, LABG had \$31,240 in office furniture and equipment purchased with LSC funds, respectively. The accumulated depreciation was \$16,215 and 12,452 in 2021 and 2020, respectively.

**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 3.25% and 4.75% at December 31, 2021 and 2020, respectively. For the years ending December 31, 2021 and 2020, there were no borrowings on the line of credit. The line is collateralized by substantially all of LABG's assets and expires in June 2022. The line of credit has an option to renew annually.

**NOTE 7 NOTES PAYABLE**

	2021	2020
<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 2024. In May 2021, the note was refinanced to charge an interest rate of 3.4% with monthly payments of principal and interest of \$2,805 until May 2026, at which point a balloon payment of \$156,556 is due.</p>	\$ 267,900	\$ 293,620
<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>	11,723	23,837
	\$ 279,623	\$ 317,457

(Continued)

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

**Notes to Financial Statements  
(Continued)**

**NOTE 7 NOTES PAYABLE (CONTINUED)**

Future principal payments at December 31, 2021, are:

2022	\$	36,305
2023		25,739
2024		26,625
2025		27,542
2026		163,412
		<u>279,623</u>
	\$	<u>279,623</u>

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2021	2020
Contributions receivable	\$ 90,319	\$ 176,374
IOLTA Bank of America settlement	286,825	485,933
IOLTA CY PRES	110,499	102,964
Legal Services Corp. TIG	-	9,501
	<u>487,643</u>	<u>774,772</u>
	<u>\$ 487,643</u>	<u>\$ 774,772</u>

**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 \$2,242 per month. Total expense related to these leases was \$67,781 and \$68,450 for 2021 and 2020, respectively.

Future annual minimum lease payments at December 31, 2021 are as follows:

2022	\$	65,466
2023		53,834
2024		47,164
2025		40,495
2026		40,863
		<u>247,822</u>
	\$	<u>247,822</u>

(Continued)

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

**Notes to Financial Statements  
(Continued)**

**NOTE 9 OPERATING LEASES (CONTINUED)**

LABG leases a portion of its premises to a third party. Minimum future rental income under this non-cancellable lease as of December 31, 2021 is as follows:

2022	\$	29,228
2023		30,105
2024		31,008
2025		26,483
	\$	116,823

**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 2021 and 2020.

The following amounts were expended for private attorney involvement, which represented approximately 19% and 14% of the LSC basic field grant for 2021 and 2020, respectively, and 51% and 37% of Kentucky filing fees for 2021 and 2020, respectively.

	2021	2020
Salaries	\$ 118,313	\$ 126,554
Fringe benefits	59,761	49,773
Telephone	5,130	4,900
Space - rent	6,362	6,931
Space - other	89	90
Office supplies	4,397	5,231
Library	2,571	3,088
Insurance	2,740	2,540
Annual recognition and training of volunteers	338	174
Litigation	1,150	1,515
Miscellaneous expense	1,384	2,811
Training	1,312	1,046
Travel	3,468	2,393
Contractual services	23,761	24,116
Direct client service costs	89,043	-
Direc other contracted services	21,556	-
	\$ 341,375	\$ 231,162

**NOTE 11 KENTUCKY EQUAL JUSTICE CENTER FUND**

LABG committed \$51,732 and \$53,216 for 2021 and 2020, 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.

(Continued)

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

**Notes to Financial Statements  
(Continued)**

**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.

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, 2021 and 2020, the year-end of the plan, was 21.17% and 19.30% of participating members' compensations. The contribution requirement of LABG to the CERS for the years ended December 31, 2021 and 2020 was \$585,450 and \$468,358, respectively. There have been no significant changes that affect comparability of 2021 and 2020 contributions.

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

	2021	2020
Actuarial value of assets	\$ 7,715,883	\$ 7,220,607
Actuarial accrued liability	14,894,907	14,610,867
Unfunded actuarial accrued liability	7,179,024	7,390,260
Total contributions received by the plan	472,228	475,416

(Continued)

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

**Notes to Financial Statements  
(Continued)**

**NOTE 12 RETIREMENT BENEFITS (CONTINUED)**

***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, 2021 and 2020, the year end of the plan, was 5.78% and 4.76%, respectively, of participating members' compensations. The contribution requirement of LABG to the KRS Insurance Fund for the years ended December 31, 2021 and 2020 was \$153,171 and \$115,512, respectively. There have been no significant changes that affect comparability of 2021 and 2020 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 2021 and 2020, 39% and 25% of all LABG's support and revenue was received from LSC, respectively.

**NOTE 14 COVID-19 PANDEMIC**

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-screening quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on LABG's operations and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which LABG operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

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**SUPPLEMENTARY INFORMATION**

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

**Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>Legal Services Corporation</b>	09.618004	KY-10 618004	\$ 2,442,835
<b>Legal Services Corporation TIG Program</b>	09.618004	KY-10 618004	82,630
<b>Legal Services Corporation Pro Bono Innovation Fund Transformation Grant</b>	09.618004	AD-PB21T-0002	<u>8,105</u>
Total for CFDA 09.618004			<u>2,533,570</u>
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through Bluegrass Area Development District:</i>			
Helping the Elderly with Legal Problem Solving Title III-B of Older Americans	93.044	AS-2020-2021 & AS-2021-2022	31,511
<i>Passed through Buffalo Trace Area Development District:</i>			
Helping the Elderly with Legal Problem Solving Title III-B of Older Americans	93.044	020-021-003 & PON2-725-2100002005	10,776
<i>Passed through FIVCO Area Development District:</i>			
Helping the Elderly with Legal Problem Solving Title III-B of Older Americans	93.044	PON 2 725 2000002717 FY 21-Title III Omb./Legal Assist. & LAB PON2 725 2100002005 FY 22-Title III Omb./Legal Assist.	14,177
Title III-B - Ombudsman of Older Americans	93.044	PON 2 725 2000002717 FY 21-Title III Omb./Legal Assist. & LAB PON2 725 2100002005 FY 22-Title III Omb./Legal Assist.	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	21-03-05-LABG & 22-01-LABG	17,685
Title III-B - Ombudsman of Older Americans	93.044	21-03-05-LABG & 22-01-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-20-LA & HS-A-22-LA	35,578
Total for CFDA 93.044			<u>140,133</u>
<i>Passed through Bluegrass Area Development District:</i>			
SHIP (Consolidated Appropriations Act)	93.324	AS-2020-2021 & AS-2021-2022	93,725
<i>Passed through FIVCO Area Development District:</i>			
SHIP (Consolidated Appropriations Act)	93.324	PON 2 725 2000003467 SHIP FY 21 & PON2 725 2000003467 SHIP FY 22	29,942
<i>Passed through Gateway Area Development District:</i>			
SHIP (Consolidated Appropriations Act)	93.324	21-06-LABG & 22-04-LABG	24,461
<i>Passed through Northern Kentucky Area Development District:</i>			
SHIP (Consolidated Appropriations Act)	93.324	HS-A-20-LA & HS-A-22-LA	<u>37,740</u>
Total for CFDA 93.324			<u>185,868</u>
<i>Passed through Bluegrass Area Development District:</i>			
Medicare Improvements for Patients and Providers Act MIPPA	93.071	AS-2020-2021 & AS-2021-2022	68,280
<i>Passed through FIVCO Area Development District:</i>			
Medicare Improvements for Patients and Providers Act MIPPA	93.071	LAB PON 2 725 2100000242-1 & LAB PON2 725 2100003015	12,791
<i>Passed through Gateway Area Development District:</i>			
Medicare Improvements for Patients and Providers Act MIPPA	93.071	21-06-LABG & 22-04-LABG	25,813
<i>Passed through the National Council on Aging:</i>			
Medicare Improvements for Patients and Providers Act Benefits Enrollment Center	93.071	90MINC0001	49,648

(Continued)



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

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended December 31, 2021**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>Passed through Northern Kentucky Area Development District: Medicare Improvements for Patients and Providers Act MIPPA</i>	93.071	HS-A-20-LA & HS-A-22-LA	48,759
Total for CFDA 93.071			<u>205,291</u>
<i>Passed through FIVCO Area Development District: Title VII of Older Americans Act - Elder Abuse</i>	93.041	LAB PON2 725 2000002714-Title VII & PON2 725 2100001810- Title VII	2,409
<i>Passed through Gateway Area Development District: Title VII of Older Americans Act - Elder Abuse</i>	93.041	21-03-05-LABG & 22-01-LABG	1,548
Total for CFDA 93.041			<u>3,957</u>
<i>Passed through FIVCO Area Development District: Title VII of Older Americans Act - Ombudsman</i>	93.042	LAB PON2 725 2000002714-Title VII & PON2 725 2100001810- Title VII	8,580
<i>Passed through Gateway Area Development District: Title VII of Older Americans Act - Ombudsman</i>	93.042	21-03-05-LABG & 22-01-LABG	8,251
Total for CFDA 93.042			<u>16,831</u>
<i>Passed through Northern Kentucky Area Development District: Communities RISE</i>	93.011	1 U3SHS42187-01	5,000
<i>Passed through National Council on Aging: Communities RISE</i>	93.011	1 U3SHS42187-01	70,000
Total for CFDA 93.042			<u>75,000</u>
Total U.S. Department of Health and Human Services			<u>627,080</u>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through West Tennessee Legal Services: HUD</i>	14.169	HC190011022 & HC200011002	119,116
Total U.S. Department of Housing and Urban Development			<u>119,116</u>
<b>U.S. Department of Justice</b>			
<i>Direct Award:</i>			
Crime Victim Assistance - Removing Impediments to Stable Environments through Legal Intervention	16.582	2018-V3-GX-0068	184,697
Equal Justice Works - Elder Justice Program	16.582	2020-OVC-EJP-014	50,081
Total for CFDA 16.582			<u>234,778</u>
<i>Passed Through Kentucky Justice &amp; Public Safety Cabinet:</i>			
Coronavirus Emergency Supplemental Funding - Project Legal Zoom Room	16.034	CESF-2020-Legal Aid-00070	49,421
Department of Justice LAV Grant	16.524	2015-WL-AX-0028	162,485
Victim of Crimes Act 1984	16.575	VOCA-2020-Legal Aid-00101 & VOCA-2021-Legal Aid-00085	792,288
Kentucky Comprehensive Advocacy and Resource Efforts (K-CARE) Grant	16.838	DG-KCARE-COSSAP-2019-Legal Ai-00006	105,857
Total U.S. Department of Justice			<u>1,344,829</u>
<b>U.S. Department of the Treasury</b>			
<i>Passed Through Lexington/Fayette Urban County Government:</i>			
Emergency Rental Assistance Program - Eviction Court Intervention and Outreach	21.023	ERSA2	101,016
Total U.S. Department of the Treasury			<u>101,016</u>
Total Expenditures of Federal Awards			<u>\$ 4,725,611</u>

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

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended December 31, 2021**

**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, 2021. 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, 2021**

	<u>Without donor restrictions</u>		<u>Total</u>
	<u>Operations</u>	<u>Property</u>	
<b>Unrestricted support and revenue</b>	<u>\$ 6,758,726</u>	<u>\$ -</u>	<u>\$ 6,758,726</u>
<b>Expenses</b>			
Salaries and benefits:			
Lawyers	1,595,379	-	1,595,379
Non-Lawyers	1,416,794	-	1,416,794
Lawyers' salaries - donated	305,280	-	305,280
Employee benefits	<u>1,482,426</u>	<u>-</u>	<u>1,482,426</u>
Total salaries and benefits	<u>4,799,879</u>	<u>-</u>	<u>4,799,879</u>
Grant to KEJCF	51,732	-	51,732
Contract services	667,972	-	667,972
Travel	64,000	-	64,000
Space and occupancy	118,072	-	118,072
Publications, dues and fees	25,741	-	25,741
Library updates	47,345	-	47,345
Telephone	95,037	-	95,037
Depreciation	-	92,261	92,261
Office expense	81,761	-	81,761
Litigation costs	21,373	-	21,373
Equipment rental, purchase and repair	133,707	-	133,707
Interest expense	11,535	-	11,535
Seminars and training	24,446	-	24,446
Insurance	50,837	-	50,837
Miscellaneous expense	<u>8,770</u>	<u>-</u>	<u>8,770</u>
Total expenses	<u>6,202,207</u>	<u>92,261</u>	<u>6,294,468</u>
<b>Change in net assets</b>	556,519	(92,261)	464,258
<b>Acquisition of equipment and reclassifications</b>	(59,175)	59,175	-
<b>Net assets, beginning of year</b>	<u>1,165,935</u>	<u>996,600</u>	<u>2,162,535</u>
<b>Net assets, end of year</b>	<u>\$ 1,663,279</u>	<u>\$ 963,514</u>	<u>\$ 2,626,793</u>

See independent auditors' report

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

**Supplemental Detail Statement of Activities  
December 31, 2021**

	Anthem Expungement Grant	BEC - Communities RISE	BEC SHIP (NCOA) - Other	Bluegrass Community Foundation	MIPPA Bluegrass	SHIP HCFA Bluegrass	Title III Bluegrass	Boots on the Ground	Title III Buffalo Trace	Butler Foundation	Capital Campaign	Capital Campaign Lexington	COSSAP	Covington Expenses
<b>Support and revenue</b>														
Grants and contracts	\$ -	\$ 63,000	\$ 80,000	\$ -	\$ 68,280	\$ 93,725	\$ 31,511	\$ 2,000	\$ 10,776	\$ -	\$ -	\$ -	\$ 105,857	\$ -
Interest earned and other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	-	-	-	-	-	-	-	-	-	5,000	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	-	63,000	80,000	-	68,280	93,725	31,511	2,000	10,776	5,000	-	-	105,857	-
<b>Net assets released from restrictions for the purpose of satisfying the following expenses</b>														
Salaries and benefits														
Lawyers	-	-	-	-	7,495	11,207	20,458	-	5,185	-	-	-	15,463	-
Non-lawyers	-	20,516	29,257	2,561	32,816	44,707	1,753	-	2,306	-	-	-	44,086	-
Employee benefits	-	10,989	14,037	1,525	21,651	29,701	9,300	-	3,285	-	-	-	33,930	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total salaries and benefits	-	31,505	43,294	4,086	61,962	85,615	31,511	-	10,776	-	-	-	93,479	-
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Children's Law Center	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Client Services- Attorney	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract services	-	-	9,714	-	5,934	7,814	-	-	-	4,999	-	-	1,039	-
Travel	-	25	-	244	-	9	-	-	-	-	-	-	-	-
Space and occupancy	-	-	-	-	-	-	-	-	-	-	-	-	2,686	-
Publications, dues and fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Library updates	-	-	-	-	-	-	-	-	-	-	-	-	1,236	-
Telephone	-	-	803	-	-	-	-	-	-	-	-	-	3,671	-
Office expense	-	459	13,068	670	384	167	-	-	-	-	-	-	2,695	-
Litigation costs	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment purchase, rental, and repair	-	-	530	-	-	-	-	-	-	-	-	-	1,051	-
Recognition & Community Education	-	-	-	-	-	120	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seminars and training	-	-	250	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LAV Contractual Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net assets released from restrictions for the purpose of satisfying expenses</b>	2,000	31,989	67,659	5,000	68,280	93,725	31,511	-	10,776	4,999	-	-	105,857	-
<b>Change in net assets before equipment acquisitions and reclassifications</b>	(2,000)	31,011	12,341	(5,000)	-	-	-	2,000	-	1	-	-	-	-
<b>Equipment acquisitions and reclassifications</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net assets beginning of year</b>	2,729	-	26,648	5,000	-	-	-	4,072	-	6,518	1,892	3,656	-	11,798
<b>Net assets end of year</b>	\$ 729	\$ 31,011	\$ 38,989	\$ -	\$ -	\$ -	\$ -	\$ 6,072	\$ -	\$ 6,519	\$ 1,892	\$ 3,656	\$ -	\$ 11,798

(Continued)

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

**Supplemental Detail Statement of Activities (Continued)  
December 31, 2021**

	CY Pres	DOJ Opioid Grant	Donations	Elder Law Equal Justice Works	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	Franklin County Fiscal Court	Elder Abuse Gateway
<b>Support and revenue</b>														
Grants and contracts	\$ -	\$ 184,697	\$ -	\$ 50,081	\$ 11,000	\$ 2,409	\$ 12,791	\$ 28,661	\$ 29,942	\$ 14,177	\$ 15,606	\$ 8,580	\$ 2,000	\$ 1,548
Interest earned and other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous contributions	-	-	42,010	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	-	184,697	42,010	50,081	11,000	2,409	12,791	28,661	29,942	14,177	15,606	8,580	2,000	1,548
<b>Net assets released from restrictions for the purpose of satisfying the following expenses</b>														
Salaries and benefits														
Lawyers	-	65,062	-	45,558	-	-	1,096	-	2,624	8,152	-	-	-	-
Non-lawyers	-	31,288	-	-	-	1,398	6,860	16,633	16,017	1,148	9,017	4,980	-	971
Employee benefits	-	48,502	-	4,523	-	1,011	4,111	12,028	9,644	4,877	6,525	3,600	-	577
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total salaries and benefits	-	144,852	-	50,081	-	2,409	12,067	28,661	28,285	14,177	15,542	8,580	-	1,548
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Children's Law Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Client Services- Attorney	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract services	-	16,731	-	-	-	-	724	-	1,657	-	-	-	-	-
Travel	-	2,124	417	-	-	-	-	-	-	-	64	-	-	-
Space and occupancy	-	6,018	-	-	-	-	-	-	-	-	-	-	-	-
Publications, dues and fees	-	224	1,000	-	-	-	-	-	-	-	-	-	-	-
Library updates	-	3,921	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	-	7,199	-	-	-	-	-	-	-	-	-	-	-	-
Office expense	-	3,628	57	-	-	-	-	-	-	-	-	-	-	-
Litigation costs	-	-	2,880	-	-	-	-	-	-	-	-	-	-	-
Equipment purchase, rental, and repair	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognition & Community Education	-	-	1,050	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seminars and training	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LAV Contractual Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net assets released from restrictions for the purpose of satisfying expenses</b>	-	184,697	5,404	50,081	-	2,409	12,791	28,661	29,942	14,177	15,606	8,580	-	1,548
<b>Change in net assets before equipment acquisitions and reclassifications</b>	-	-	36,606	-	11,000	-	-	-	-	-	-	-	2,000	-
<b>Equipment acquisitions and reclassifications</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net assets beginning of year</b>	46,552	-	218,765	-	10,240	-	-	-	-	-	-	-	-	-
<b>Net assets end of year</b>	\$ 46,552	\$ -	\$ 255,371	\$ -	\$ 21,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ -

(Continued)

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

**Supplemental Detail Statement of Activities (Continued)  
December 31, 2021**

	LTC State Gateway	MIPPA Gateway	SHIP HCFA Gateway	Title III Gateway	Title III Ombudsman Gateway	Title VII Ombudsman Gateway	Anonymous Foundation	Goodwill	Horizon Community Funds	HUD	IOLTA Bank of America	IOLTA CY Pres	IOLTA Fellow	IOLTA Other
<b>Support and revenue</b>														
Grants and contracts	\$ 27,961	\$ 25,813	\$ 24,461	\$ 17,685	\$ 14,800	\$ 3,124	\$ -	\$ 80,250	\$ -	\$ 119,116	\$ -	\$ -	\$ 62,388	\$ 62,388
Interest earned and other income	-	-	-	-	-	-	-	250	-	-	-	-	-	-
Miscellaneous contributions	-	-	-	-	-	-	-	-	-	-	-	7,535	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	27,961	25,813	24,461	17,685	14,800	3,124	-	80,500	-	119,116	-	7,535	62,388	62,388
<b>Net assets released from restrictions for the purpose of satisfying the following expenses</b>														
Salaries and benefits:														
Lawyers	-	6,099	5,587	10,930	-	-	-	29,749	-	59,995	2,703	-	-	18,591
Non-lawyers	17,552	10,708	10,271	1,021	9,291	1,960	-	15,897	-	10,780	32,002	-	13,626	13,422
Employee benefits	10,409	8,043	7,558	5,734	5,509	1,164	-	19,196	-	37,240	14,404	-	6,560	16,111
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total salaries and benefits	27,961	24,850	23,416	17,685	14,800	3,124	-	64,842	-	108,015	49,109	-	20,186	48,124
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Children's Law Center	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Client Services- Attorney	-	-	-	-	-	-	-	2,208	17,656	-	-	-	-	-
Contract services	-	963	1,045	-	-	5,127	-	-	9,354	6,244	9,102	-	4,500	6,100
Travel	-	-	-	-	-	-	-	-	-	20	28,675	-	8,042	953
Space and occupancy	-	-	-	-	-	-	-	-	-	2,364	11,991	-	1,700	1,727
Publications, dues and fees	-	-	-	-	-	-	-	-	-	300	8,157	-	4,500	693
Library updates	-	-	-	-	-	-	-	-	-	277	2,811	-	3,323	695
Telephone	-	-	-	-	-	-	-	-	-	1,896	25,785	-	11,100	1,383
Office expense	-	-	-	-	-	-	-	-	-	-	6,907	-	1,980	1,188
Litigation costs	-	-	-	-	-	-	-	13,450	-	-	435	-	256	313
Equipment purchase, rental, and repair	-	-	-	-	-	-	-	-	-	-	34,234	-	9,255	24
Recognition & Community Education	-	-	-	-	-	-	-	-	-	-	812	-	500	88
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seminars and training	-	-	-	-	-	-	-	-	-	-	14,277	-	3,046	356
Insurance	-	-	-	-	-	-	-	-	-	-	7,705	-	4,000	744
LAV Contractual Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net assets released from restrictions for the purpose of satisfying expenses</b>	27,961	25,813	24,461	17,685	14,800	8,251	-	80,500	27,010	119,116	200,000	-	72,388	62,388
<b>Change in net assets before equipment acquisitions and reclassifications</b>	-	-	-	-	-	(5,127)	-	-	(27,010)	-	(200,000)	7,535	(10,000)	-
<b>Equipment acquisitions and reclassifications</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net assets beginning of year</b>	-	-	-	-	-	5,127	25,190	-	27,010	-	485,933	56,412	75,705	-
<b>Net assets end of year</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,190	\$ -	\$ -	\$ -	\$ 285,933	\$ 63,947	\$ 65,705	\$ -

(Continued)

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

**Supplemental Detail Statement of Activities (Continued)  
December 31, 2021**

	Justice Cabinet CESF	Kentucky Bar Foundation	Kentucky Filing Fee - PAI	Kentucky Filing Fee - Other	Kentucky Housing Corp	Kentucky General Fund	LAV Grant	Legal Aid BG Louisville Custody	LFUGG	Legal Services Corporation PAI	Legal Services Corporation Pro Bono Innovation	Legal Services Corporation TIG (19003)	Legal Services Corporation Excess 2020 Fund Balance	Legal Services Corporation
<b>Support and revenue</b>														
Grants and contracts	\$ 54,644	\$ -	\$ 108,636	\$ 554,913	\$ 6,540	\$ 107,720	\$ 164,385	\$ 12,000	\$ 101,016	\$ 122,834	\$ 8,105	\$ 82,630	\$ 658,863	\$ 1,660,851
Interest earned and other income	5,997	-	-	2,575	-	-	-	-	-	-	-	-	-	287
Miscellaneous contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	60,641	-	108,636	557,488	6,540	107,720	164,385	12,000	101,016	122,834	8,105	82,630	658,863	1,661,138
<b>Net assets released from restrictions for the purpose of satisfying the following expenses</b>														
Salaries and benefits														
Lawyers	-	-	24,699	(17,238)	4,245	840	73,789	5,733	4,281	25,677	4,189	-	196,300	511,897
Non-lawyers	-	-	17,570	88,849	-	29,942	-	1,379	40,668	18,336	540	-	168,966	467,602
Employee benefits	-	-	21,395	23,516	2,295	15,437	34,523	3,030	21,310	22,252	2,639	-	168,441	492,787
Total salaries and benefits	-	-	63,664	95,127	6,540	46,219	108,312	10,142	66,259	66,265	7,368	-	533,707	1,472,286
Grant to KEJCF	-	-	-	51,732	-	-	-	-	-	-	-	-	-	-
Children's Law Center	-	-	-	57,400	-	-	-	-	-	-	-	-	-	-
Contracted Client Services- Attorney	-	-	25,671	3,127	-	-	-	-	-	15,853	-	-	-	-
Contract services	-	8,240	8,668	3,122	-	360	8,099	-	21,244	30,550	737	82,630	64,907	75,475
Travel	-	-	1,233	2,224	-	4,513	553	-	-	1,305	-	-	-	6,187
Space and occupancy	5,549	-	2,318	1,699	-	5,827	6,577	-	3,520	2,318	-	-	17,383	37,757
Publications, dues and fees	-	-	692	1,340	-	3,563	575	-	-	-	-	-	-	-
Library updates	-	-	937	1,100	-	12,124	2,272	-	382	939	-	-	6,150	9,955
Telephone	-	-	1,851	1,700	-	-	-	-	1,463	1,893	-	-	11,550	20,771
Office expense	1,193	-	1,554	1,764	-	(1,701)	2,895	-	1,274	1,653	-	-	16,235	19,637
Litigation costs	-	-	416	171	-	-	-	-	-	421	-	-	-	648
Equipment purchase, rental, and repair	42,679	-	32	2,615	-	32,670	(11,611)	-	6,874	33	-	-	2,875	5,592
Recognition & Community Education	-	-	120	600	-	85	-	-	-	130	-	-	-	1,069
Interest	-	-	-	11,535	-	-	-	-	-	-	-	-	-	-
Seminars and training	-	-	477	3,000	-	-	-	-	-	481	-	-	-	-
Insurance	-	-	1,003	-	-	-	-	-	-	993	-	-	6,056	11,761
LAV Contractual Services	-	-	-	-	-	-	44,813	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	52	-	-	-	-	-	-	-	-	-	-
<b>Net assets released from restrictions for the purpose of satisfying expenses</b>	49,421	8,240	108,636	238,308	6,540	103,660	162,485	10,142	101,016	122,834	8,105	82,630	658,863	1,661,138
<b>Change in net assets before equipment acquisitions and reclassifications</b>	11,220	(8,240)	-	319,180	-	4,060	1,900	1,858	-	-	-	-	-	-
<b>Equipment acquisitions and reclassifications</b>	-	-	-	(37,834)	-	(21,341)	-	-	-	-	-	-	-	-
<b>Net assets beginning of year</b>	(11,220)	10,960	-	93,216	-	130,895	(1,900)	10,142	-	-	-	-	-	-
<b>Net assets end of year</b>	\$ -	\$ 2,720	\$ -	\$ 374,562	\$ -	\$ 113,614	\$ -	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

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

**Supplemental Detail Statement of Activities (Continued)  
December 31, 2021**

	HRSA Communities RISE	Kenton County Homeless Outreach	Boone County NKADD	Campbell County NKADD	HCFA NKADD	Kenton County NKADD	MIPPA NKADD	Title III NKADD	NKU Norse Violence Prevention	PPP Loan	PNC Charitable Trust	PNC Foundation	Anonymous Foundation
<b>Support and revenue</b>													
Grants and contracts	\$ 5,000	\$ 3,062	\$ 17,561	\$ 17,660	\$ 37,740	\$ 16,237	\$ 48,759	\$ 35,578	\$ -	\$ -	\$ -	\$ 10,000	\$ -
Interest earned and other income	-	-	-	-	-	-	-	-	-	293	-	-	-
Miscellaneous contributions	-	-	-	-	-	-	-	-	-	-	40,000	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	5,000	3,062	17,561	17,660	37,740	16,237	48,759	35,578	-	293	40,000	10,000	-
<b>Net assets released from restrictions for the purpose of satisfying the following expenses</b>													
Salaries and Benefits													
Lawyers	-	2,049	10,573	10,687	2,047	10,204	2,681	21,474	-	-	-	-	-
Non-lawyers	3,088	-	1,313	1,314	20,800	1,112	27,432	2,493	-	-	-	-	-
Employee benefits	1,412	1,013	5,675	5,659	12,438	4,921	16,264	11,611	-	-	-	-	-
Donated legal services	-	-	-	-	-	-	-	-	-	-	-	-	-
Total salaries and benefits	4,500	3,062	17,561	17,660	35,285	16,237	46,377	35,578	-	-	-	-	-
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-	-	-
Children's Law Center	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Client Services- Attorney	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract services	-	-	-	-	2,145	-	2,382	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Space and occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Publications, dues and fees	-	-	-	-	162	-	-	-	-	-	-	-	-
Library updates	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-
Office expense	500	-	-	-	148	-	-	-	-	-	-	-	-
Litigation costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment purchase, rental, and repair	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognition & Community Education	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Seminars and training	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
LAV Contractual Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net assets released from restrictions for the purpose of satisfying expenses</b>	5,000	3,062	17,561	17,660	37,740	16,237	48,759	35,578	-	-	-	-	-
<b>Change in net assets before equipment acquisitions and reclassifications</b>	-	-	-	-	-	-	-	-	-	293	40,000	10,000	-
<b>Equipment acquisitions and reclassifications</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net assets beginning of year</b>	-	-	-	-	-	-	-	-	1,000	219	10,000	8,617	44,365
<b>Net assets end of year</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 512	\$ 50,000	\$ 18,617	\$ 44,365

(Continued)



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

**Supplemental Detail Statement of Activities (Continued)  
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	Rental Earned Income	Service Generated Income	State of Kentucky Health Insurance	UK (CAT) Legal Partnership	United Way of Grtr Cinci	United Way Heart of Kentucky	United Way of the Bluegrass	United Way of Franklin County	VOCA (PAI)	VOCA	Unclassified	Total
<b>Support and revenue</b>												
Grants and contracts	\$ -	\$ -	\$ -	\$ 8,354	\$ -	\$ -	\$ -	\$ -	\$ 24,169	\$ 768,119	\$ 1,500	\$ 5,891,503
Interest earned and other income	-	-	-	-	-	-	-	-	-	-	42,770	52,172
Miscellaneous contributions	-	-	-	-	74,655	20,000	1,440	3,577	-	-	48	194,265
Rental income	28,377	-	-	-	-	-	-	-	-	-	-	28,377
Donated legal services	-	-	-	-	-	-	-	-	-	-	305,280	305,280
Total support and revenue	28,377	-	-	8,354	74,655	20,000	1,440	3,577	24,169	768,119	349,598	6,471,597
<b>Net assets released from restrictions for the purpose of satisfying the following expenses</b>												
<b>Salaries and Benefits</b>												
Lawyers	-	-	-	3,543	950	4,347	1,257	-	-	375,201	-	1,595,379
Non-lawyers	-	-	-	720	21,799	10,041	2,029	-	-	87,957	-	1,416,794
Employee benefits	-	-	-	1,878	12,331	5,612	1,715	-	-	242,395	133	1,482,426
Donated legal services	-	-	-	-	-	-	-	-	-	-	305,280	305,280
Total salaries and benefits	-	-	-	6,141	35,080	20,000	5,001	-	-	705,553	305,413	4,799,879
Grant to KEJCF	-	-	-	-	-	-	-	-	-	-	-	51,732
Children's Law Center	-	-	-	-	-	-	-	-	-	-	-	57,400
Contracted Client Services- Attorney	-	-	-	-	-	-	-	-	24,169	17,004	-	105,688
Contract services	-	-	-	2,213	759	-	-	-	-	22,270	35,223	460,071
Travel	-	-	-	-	4,560	-	-	-	-	2,043	809	64,000
Space and occupancy	4,286	-	-	-	4,165	-	-	-	-	187	-	118,072
Publications, dues and fees	-	-	-	-	4,535	-	-	-	-	-	-	25,741
Library updates	-	-	-	-	120	-	-	-	-	1,103	-	47,345
Telephone	-	-	-	-	-	-	-	-	-	3,972	-	95,037
Office expense	-	-	-	-	-	-	-	-	-	3,843	1,563	81,761
Litigation costs	-	-	-	-	83	-	-	-	-	-	300	21,373
Equipment purchase, rental, and repair	-	-	-	-	-	-	-	-	-	6,854	-	133,707
Recognition & Community Education	-	-	-	-	-	-	-	-	-	-	1,419	5,993
Interest	-	-	-	-	-	-	-	-	-	-	-	11,535
Seminars and training	-	-	-	-	254	-	-	-	-	159	2,146	24,446
Insurance	-	-	-	-	13,444	-	-	-	-	5,131	-	50,837
LAV Contractual Services	-	-	-	-	-	-	-	-	-	-	-	44,813
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	2,725	2,777
<b>Net assets released from restrictions for the purpose of satisfying expenses</b>	4,286	-	-	8,354	63,000	20,000	5,001	-	24,169	768,119	349,598	6,202,207
<b>Change in net assets before equipment acquisitions and reclassifications</b>	24,091	-	-	-	11,655	-	(3,561)	3,577	-	-	-	269,390
<b>Equipment acquisitions and reclassifications</b>	-	-	-	-	-	-	-	-	-	-	-	(59,175)
<b>Net assets beginning of year</b>	250,837	75,900	100,887	-	161,668	25,531	16,343	-	-	-	-	1,940,707
<b>Net assets end of year</b>	\$ 274,928	\$ 75,900	\$ 100,887	\$ -	\$ 173,323	\$ 25,531	\$ 12,782	\$ 3,577	\$ -	\$ -	\$ -	\$ 2,150,922

**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, 2021**

	Period	Award Amount	Recognized in 2021
<b>BEC SHIP Funding</b>			
Sustainability Benefits Enrollment Center (BEC) Grants	10/20 - 09/21	\$ 60,000	\$ 30,000
Sustainability Benefits Enrollment Center (BEC) Grants	10/21 - 09/23	120,000	50,000
HRASA Communities Rise	08/21 - 03/22	70,000	63,000
<b>Bluegrass Area Development District</b>			
Title III	07/20 - 06/21	26,830	13,109
	07/21 - 06/22	26,830	18,402
MIPPA	09/20 - 08/21	52,356	38,076
	09/21 - 08/22	90,615	30,204
SHIP	07/20 - 06/21	85,536	42,768
	07/21 - 06/22	101,914	50,957
<b>Buffalo Trace Area Development District</b>			
Title III	07/20 - 06/21	14,000	6,627
	07/21 - 06/22	15,000	4,149
<b>KY Justice and Public Safety Cabinet (COSSAP) - Kentucky Comprehensive Advocacy &amp; Resource Efforts (K-CARE)</b>			
	07/21 - 09/22	602,964	105,857
<b>Department of Justice - Opioid Grant</b>			
	10/18 - 09/21	666,176	184,697
<b>Equal Justice Works</b>			
Elder Justice Program	06/20 - 08/22	114,138	50,080
<b>FIVCO</b>			
Title VII Ombudsman	07/20 - 06/21	12,024	6,012
	07/21 - 06/22	5,137	2,568
Title VII Elder Abuse	07/20 - 06/21	2,379	1,189
	07/21 - 06/22	2,438	1,220
State Long Term Care Ombudsman	07/20 - 06/21	28,631	14,315
	07/21 - 06/22	28,690	14,346
MIPPA	09/20 - 08/21	11,798	8,579
	09/21 - 08/22	12,638	4,212
Title III B Ombudsman	07/20 - 06/21	15,606	7,804
	07/21 - 06/22	15,606	7,802
SHIP	07/20 - 06/21	28,898	14,448
	07/21 - 06/22	30,986	15,494
Title III Legal Assistance	07/20 - 06/21	9,737	2,720
	07/21 - 06/22	16,352	11,457
<b>Gateway Area Development District</b>			
Elder Abuse	07/20 - 06/21	1,506	752
	07/21 - 06/22	1,591	796
LTC STATE	07/20 - 06/21	27,939	13,969
	07/21 - 06/22	27,985	13,992
Title IIIB Ombudsman	07/20 - 06/21	14,800	7,400
	07/21 - 06/22	14,800	7,400
Title IIIB Legal Assistance	07/20 - 06/21	18,300	11,151
	07/21 - 06/22	18,300	6,534
Title VII Ombudsman	07/20 - 06/21	2,896	1,448
	07/21 - 06/22	3,353	1,676
SHIP	07/20 - 06/21	22,449	11,222
	07/21 - 06/22	26,477	13,239
MIPPA	07/20 - 06/21	23,667	12,052
	07/21 - 06/22	28,976	13,761

(Continued)

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

**Supplemental Schedule – Summary of Funding (Continued)  
December 31, 2021**

	Period	Award Amount	Recognized in 2021
Goodwill	01/21 - 12/21	\$ 62,850	\$ 62,850
	10/21 - 12/22	105,000	17,400
HUD Western Tennessee Legal Services	10/19 - 03/22	175,445	119,116
IOLTA	09/20 - 08/21	113,106	75,404
	09/21 - 08/22	148,115	49,372
Kentucky File Fee (Access to Justice)	01/21 - 12/21	663,549	663,549
Kentucky Housing Corp.	07/20 - 06/21	6,000	2,880
	07/21 - 06/22	8,000	3,660
Kentucky General Fund	01/21 - 12/21	107,720	107,720
Justice Cabinet - CESF Funding	01/20 - 12/21	119,745	54,644
Legal Aid Society of Louisville Visitation and Custody Hotline	07/20 - 06/21	12,000	6,000
	07/21 - 06/22	12,000	6,000
Legal Assistance to Victims	10/15 - 09/21	1,200,000	164,385
	10/21 - 09/24	600,000	-
LSC			
Legal Services Corp. Basic	01/20 - 12/20	1,704,486	821,390
Legal Services Corp. Basic	01/21 - 12/21	1,800,990	1,621,158
Legal Services Corp. PBIF	10/21 - 09/24	440,000	8,105
Legal Services Corp. TIG	10/19 - 07/23	176,966	82,630
Lexington Fayette Urban County Government - Eviction Court Intervention and Outreach	07/21 - 12/22	365,000	101,016
NKADD			
Boone County	07/20 - 06/21	18,800	9,375
	07/21 - 06/22	17,000	8,186
Campbell County	07/20 - 06/21	17,350	10,292
	07/21 - 06/22	17,500	7,368
Kenton County	06/20 - 05/21	22,650	9,317
	06/21 - 05/22	20,200	9,983
SHIP	07/20 - 06/21	33,520	16,760
	07/21 - 06/22	41,959	20,980
MIPPA	09/20 - 08/21	38,377	27,911
	09/21 - 08/22	53,611	20,848
Title III	07/20 - 06/21	36,067	23,961
	07/21 - 06/22	26,067	11,617
HRASA Communities Rise	06/21 - 03/22	20,000	5,000
PNC Foundation	09/21 - 08/22	10,000	10,000
Univ. of Kentucky-Child Advocacy Today	02/21 - 09/22	100,000	8,353
VOCA	10/20 - 09/21	729,165	581,965
	10/21 - 09/22	663,540	210,323
Other	Various		16,501
			<u>\$ 5,891,503</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, 2021, 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 28, 2022.

**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) as a basis for designing 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 was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LABG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

*Barnes, Dennig & Co., Ltd.*

April 28, 2022  
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**

***Opinion on Each Major Federal Program***

We have audited Legal Aid of the Bluegrass' (Organization) compliance with the types of compliance requirements identified as subject to audit 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, 2021. LABG's major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, LABG complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LABG and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of LABG's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to LABG's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LABG's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

**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)**

***Auditor's Responsibilities for the Audit of Compliance (Continued)***

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LABG's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LABG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of LABG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 LABG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

**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 (Continued)**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Barnes, Dennig & Co., Ltd.*

April 28, 2022  
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, 2021**

**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, 2021**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
No matters are reportable		