

**LEGAL AID SERVICES
OF OKLAHOMA, INC.**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

For the Year Ended December 31, 2023

LSC Grant Recipient No. 737066

LEGAL AID SERVICES OF OKLAHOMA, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Legal Aid Services of Oklahoma, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Legal Aid Services of Oklahoma, Inc., or "LASO," (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LASO as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 LASO 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 LASO'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.

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 LASO'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 LASO'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 identified during the audit.

Other Matters

Report on 2022 summarized comparative information.

We have previously audited LASO's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2023. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of Revenue and Expenses and Changes in Net Assets All Funds is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024, on our consideration of LASO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of LASO's 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 LASO's internal control over financial reporting and compliance.

Arledge & Associates PC

Edmond, Oklahoma
April 29, 2024



LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENT OF FINANCIAL POSITION

As of December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

ASSETS	2023	2022
Current assets:		
Cash and cash equivalents	\$ 4,718,122	\$ 555,624
Client trust cash	18,872	59,821
Grants receivable	3,962,313	4,133,385
Other receivable	-	1,611
Unconditional promises to give	20,115	19,174
Prepaid expenses	770,135	146,063
Total current assets	9,489,557	4,915,678
Property and equipment, net	147,630	89,078
Right of use assets	1,172,767	1,482,387
Beneficial interests in community foundations	950,688	853,251
TOTAL ASSETS	\$ 11,760,642	\$ 7,340,394
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 331,872	\$ 625,216
Other payables	87,694	107,909
Deferred revenue	1,284,246	654,616
Client trust payable	18,872	59,821
Accrued salaries and benefits	380,129	365,734
Accrued vacation	886,682	805,642
Current portion of lease liabilities	613,977	651,854
Total current liabilities	3,603,472	3,270,792
Lease liabilities	558,790	830,533
TOTAL LIABILITIES	4,162,262	4,101,325
Net assets:		
Net assets without donor restrictions:		
Undesignated	5,430,487	834,908
Net assets with donor restrictions:		
Legal Services Corporation	135,457	319,142
Non-LSC	1,081,748	1,247,874
Purpose restricted	861,685	771,814
Perpetual	89,003	65,331
Total net assets	7,598,380	3,239,069
TOTAL LIABILITIES AND NET ASSETS	\$ 11,760,642	\$ 7,340,394

The accompanying notes are an integral part of these financial statements.

LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions				2023 Totals	2022 Totals
		LSC	Non-LSC	Purpose Restricted	Perpetual		
REVENUES, GAINS, AND OTHER SUPPORT							
Government grant revenue	\$ 1,713,674	\$ 7,201,060	\$ 12,673,671	\$ -	\$ -	\$ 21,588,405	\$ 16,693,791
Private grant revenue	130,000	-	667,672	-	-	797,672	939,495
Contract revenue	62,428	-	1,167,361	-	-	1,229,789	1,316,062
United Way	-	-	704,625	-	-	704,625	732,876
Contributions	4,387,340	-	1,556,200	-	-	5,943,540	2,204,603
Attorney fee awards	34,148	24,882	14,600	-	-	73,630	70,404
Miscellaneous income	61,313	-	-	-	-	61,313	45,866
Interest income	-	110,092	-	-	-	110,092	11,871
Realized/unrealized gains	-	-	-	79,263	18,175	97,438	(157,112)
Donated services	295,758	-	-	-	-	295,758	245,433
Total revenue and gains	6,684,661	7,336,034	16,784,129	79,263	18,175	30,902,262	22,103,289
Net assets released from restrictions							
Satisfaction of program requirements	24,453,869	(7,519,719)	(16,950,255)	10,608	5,497	-	-
Total revenues, gains and other support	31,138,530	(183,685)	(166,126)	89,871	23,672	30,902,262	22,103,289
EXPENSES							
Civil legal services	23,368,480	-	-	-	-	23,368,480	19,769,029
Public defender	422,264	-	-	-	-	422,264	406,281
Management and general	2,550,264	-	-	-	-	2,550,264	2,519,547
Fundraising	201,943	-	-	-	-	201,943	134,877
Total expenses	26,542,951	-	-	-	-	26,542,951	22,829,734
Change in net assets	4,595,579	(183,685)	(166,126)	89,871	23,672	4,359,311	(726,445)
Net assets beginning of year	834,908	319,142	1,247,874	771,814	65,331	3,239,069	3,965,514
NET ASSETS, END OF YEAR	\$ 5,430,487	\$ 135,457	\$ 1,081,748	\$ 861,685	\$ 89,003	\$ 7,598,380	\$ 3,239,069

The accompanying notes are an integral part of these financial statements.

LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	Civil Legal Services	Public Defender	Management and General	Fundraising	2023 Totals	2022 Totals
Salary	\$ 12,970,441	\$ 237,133	\$ 1,049,899	\$ 14,207	\$ 14,271,680	\$ 12,673,854
Fringe benefits	3,781,442	68,135	297,554	3,290	4,150,421	3,668,303
Occupancy	953,690	63,060	52,794	-	1,069,544	989,683
Office expense	186,426	4,736	25,303	3,953	220,418	187,318
Telephone	89,153	2,374	106,564	-	198,091	228,685
Travel	147,465	122	7,315	641	155,543	124,786
Litigation	76,772	2,460	1,348	-	80,580	53,780
Training	83,325	1,357	45,208	2,349	132,239	93,297
Library	76,636	225	16,526	2,354	95,741	85,842
Dues and fees	18,140	675	13,542	-	32,357	68,308
Insurance	31,800	-	46,637	4,918	83,355	79,644
Professional services	2,959,244	39,996	488,132	141,613	3,628,985	2,209,661
Equipment	81,978	239	5,246	951	88,414	94,073
Other	1,599,428	1,752	394,196	27,667	2,023,043	2,008,350
Depreciation expense	16,782	-	-	-	16,782	18,717
Donated services	295,758	-	-	-	295,758	245,433
Total expenses - 2023	<u>\$ 23,368,480</u>	<u>\$ 422,264</u>	<u>\$ 2,550,264</u>	<u>\$ 201,943</u>	<u>\$ 26,542,951</u>	
Total expenses - 2022	<u>\$ 19,769,029</u>	<u>\$ 406,281</u>	<u>\$ 2,519,547</u>	<u>\$ 134,877</u>		<u>\$ 22,829,734</u>

The accompanying notes are an integral part of the financial statements.

LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,359,311	\$ (726,445)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	16,782	18,717
Amortization	808,216	628,920
Valuation adjustment to beneficial interests in community foundations	(97,438)	157,112
Change in current assets and liabilities		
(Increase) decrease in receivables	171,742	(1,545,991)
(Increase) decrease in prepaid expenses	(624,072)	16,977
Increase (decrease) in payables	(313,559)	383,898
Decrease in client trust liabilities	(40,949)	(41,813)
Increase in accrued salaries and benefits	14,395	28,092
Increase in deferred revenue	629,630	270,428
Increase in accrued vacation	81,040	85,126
Repayments and modifications of lease liability	(808,216)	(628,920)
 Total adjustments	<u>(162,429)</u>	<u>(627,454)</u>
 Net cash provided (used) by operating activities	<u>4,196,882</u>	<u>(1,353,899)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(75,334)	(18,640)
Contributions to investment in community foundations	(9,762)	(9,425)
Distributions from investment in community foundations	9,763	136,317
 Net cash provided (used) by investing activities	<u>(75,333)</u>	<u>108,252</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>4,121,549</u>	<u>(1,245,647)</u>
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>615,445</u>	<u>1,861,092</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,736,994</u>	<u>\$ 615,445</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
NONCASH INVESTING ACTIVITIES:		
Interest paid during the year	<u>\$ 62,033</u>	<u>\$ 62,082</u>

The accompanying notes are an integral part of these financial statements.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Legal Aid Services of Oklahoma, Inc. (“LASO”) is a nonprofit corporation organized for the purpose of providing quality legal services in non-criminal proceedings and other matters to eligible low income and elderly people within the State of Oklahoma. The project is funded by a Legal Services Corporation (“LSC”) grant, Victims of Crime Act (“VOCA”) grant, and various other grants and contracts as may be awarded during the year. LASO also conducts fundraising activities to support its mission.

Basis of Accounting - The financial statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America, utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Financial Statement Presentation - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with LASO’s financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Restriction on Assets - Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of LASO and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Consists of amounts that are available for use in carrying out the supporting activities of LASO and are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of LASO and/or the passage of time, or are maintained in perpetuity by LASO. When the donor-imposed stipulation ends or LASO satisfies an action, LASO reclassifies net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents consist of demand deposits and money market funds.

Concentrations and Risks – Financial instruments, which potentially subject LASO to credit risk, consist primarily of cash, cash equivalents, and receivables. LASO maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits.

LASO receives a substantial amount of its support from LSC, VOCA, and federal, state and local governments and agencies. A significant reduction in the level of this support, if this were to occur, may have an effect on LASO's programs and activities. Management is not aware of any actions that would adversely affect the amount of funds LASO will receive in the next year.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contributions Revenue - Contributions, including pledges, are recognized as revenue or gain in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958.

Beneficial Interest in Community Foundations – LASO reports its beneficial interest in community foundations at fair value. Gains and losses on the beneficial interest in community foundations are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations. Donor restricted income in the beneficial interest in community foundations is reported as an increase or decrease to net assets with donor restrictions.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Legal Services Corporation Grant - LASO recognizes revenue from LSC grants on a straight-line basis over the grant period. Based on the application of FASB ASC Topic 958, beginning with the 2021 grant, funds remaining unexpended at the end of an accounting period are recorded in deferred revenue. These balances are subject to the provisions of LSC's Fund Balance Regulation. Under this regulation, LASO is not permitted to maintain net assets in excess of 10% of their annualized LSC support. Under certain conditions, a waiver of this policy, up to a maximum of 25% of LASO's annualized grant amount, or above 25% of LASO's annualized grant amount when there are extraordinary and compelling circumstances, may be obtained from LSC. In the absence of a waiver, any net asset amount in excess of 10% of LSC support is required to be repaid to LSC in a lump sum payment or by pro rata deductions from LASO's grant checks over a period specified by LSC.

In the instance that LASO is not in compliance with the LSC grant requirements, LSC may, at its sole discretion, require LASO to return all current year expended and unexpended LSC funds. In addition, if LASO terminates its LSC grant activities, all unexpended funds are required to be refunded to LSC.

LSC excess fund balances are as shown below:

Annualized Grants	\$	7,101,563
Interest		110,092
Other		24,882
Total LSC Support	\$	7,236,537
10% Allowed Retaining Without Need for a Waiver	\$	723,654
Actual Fund Balance End of Year	\$	785,204
Excess Fund Balance	\$	61,550

Excess fund balance exceeded 10 percent of total LSC support as of December 31, 2023.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Legal Services Corporation Grant (cont'd) – LASO intends to request a waiver from LSC in accordance with 45 CFR § 1628.4(a), which would allow LASO to retain the excess funds and spend the carryover on a first-in-first out basis, before expenditures of current grant funds.

Other Grants - A portion of LASO's support is provided by cost reimbursable grants. Funds from these grants are recognized as support in accordance with FASB ASC Topic 958. A receivable is recognized to the extent support earned exceeds cash advances. Conversely, a liability (deferred revenue) is recorded when contract cash advances exceed support earned and the grant is determined to be conditional.

Grants and Other Receivables – Due to the nature of the receivables being primarily government grants, LASO considers them to be fully collectible; accordingly, no allowance for doubtful accounts is required. LASO maintains an allowance for uncollectible pledges for estimated losses resulting from the inability of donors to fulfill pledges. This estimate is based on historical collection and write-off experience. At December 31, 2023, all pledges are considered collectible. All grants and contributions are anticipated to be collected in 2024.

Property and Equipment - Property and equipment acquired with LSC funds are considered to be owned by LASO while used in the program or in future authorized programs. However, LSC maintains a reversionary interest in these assets and has the right to determine the use of any proceeds from the sale of assets purchased with LSC funds.

Property and equipment in excess of \$5,000 are capitalized at cost. Depreciation and amortization are computed on a straight-line basis over the estimated lives of the assets, generally using a three to seven-year life for personal property and a twenty-five to thirty-year life for real property. When property and equipment is sold or retired, the cost of the asset and related accumulated depreciation is removed from the accounts and the resulting gains or losses is recognized as revenue or expenses.

Additions and improvements that extend the useful lives of the assets are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

Capitalized Software and Software Development Costs - Computer software and software development costs incurred in connection with developing or obtaining computer software for internal use are capitalized when both the preliminary project stage is completed, and it is probable that the software will be used as intended. Capitalized costs include external direct costs utilized in developing or obtaining computer software and website development. Capitalized software costs are amortized on a straight-line basis when placed in service over the estimated useful lives of the software, which approximates 5-years. At December 31, 2023 there are no capitalized software costs.

Allocation of Expenses - Certain common expenses are incurred which benefit more than one grant. Salary expenses are allocated to the grants primarily based on the relationship of advocates' time devoted to cases, which qualify under the criteria of each grant. Common expenses are distributed based on advocate salary costs.

Donated Services - Donated services primarily represent the estimated value of services rendered to LASO by attorneys at no charge or a reduced charge. The value of donated services is based upon the estimated average standard fee charged less any fee actually paid to the attorneys rendering the services. Donated services are recognized both as support and expenses. Non-specialized services have not been recognized as support and expense.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes and Uncertain Tax Positions - LASO qualifies as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is subject to a tax on income from any unrelated business, as defined by Section 509(a)(1) of the Code. LASO currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

LASO has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations by taxing authorities. LASO has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates.

LASO believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on LASO's financial condition, results of operations, or cash flows. Accordingly, LASO has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023.

Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, LASO has no open examinations with the Internal Revenue Service or the Oklahoma Tax Commission.

Right-of-Use Asset and Lease Liability – LASO has adopted FASB ASC Topic 842, accounting for leases, and is recognizing operating leases as right of use assets and lease liabilities on the balance sheet, at net present value using the risk-free discount rate as shown in Note 5.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. BENEFICIAL INTERESTS IN COMMUNITY FOUNDATIONS

Beneficial interest in community foundations at December 31, 2023, consist exclusively of balances held by the Tulsa Community Foundation and the Oklahoma City Community Foundation (collectively referred to as the “Foundations”).

LASO follows the provisions in FASB ASC Topic 958-605-25-21 to 33, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*.

In accordance with FASB ASC Topic 958-605-25-21 to 33, the portions of the funds contributed by LASO and held by the Foundations are considered reciprocal transfers, because LASO is also a beneficiary of the funds. As a result, LASO has recorded its separate fund held by the Tulsa Community Foundation (“TCF”) and its portion of the investment pool of the Oklahoma City Community Foundation (“OCCF”) as assets in its December 31, 2023, statement of financial position.

The Foundations have variance power assuring donors that if the charitable purpose of their contribution becomes impractical or impossible, the distributions will be directed to similar purposes in the community. Therefore, the portions of the funds held by the Foundations on behalf of LASO contributed by unrelated third-party donors is included in the net assets of the Foundations and are not reflected in the accompanying financial statements.

LASO’s interests held by the Foundations are classified as net assets with donor restrictions in the accompanying financial statements. LASO’s interest in OCCF generally may not be redeemed and is subject to a set distribution rate. LASO’s interest in TCF provides LASO with more control over distribution type and size but is still restricted by the donor for a specific use.

Activity related to the TCF for the year ended December 31, 2023, is as follows:

	Reciprocal Balances	Third Party Balances	Totals
Balance at December 31, 2022	\$ 782,423	\$ 163,509	\$ 945,932
Distributions	(4,406)	(1,087)	(5,493)
Gains (losses) on investments and administrative fees	83,668	24,566	108,234
Balance at December 31, 2023	\$ 861,685	\$ 186,988	\$ 1,048,673

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. BENEFICIAL INTERESTS IN COMMUNITY FOUNDATIONS (Cont'd)

Activity related to the OCCF for the year ended December 31, 2023, is as follows:

	Reciprocal Balances	Third Party Balances	Totals
Balance at December 31, 2022	\$ 70,828	\$ 120,801	\$ 191,629
Contributions	9,763	1,337	11,100
Distributions	(3,239)	(6,523)	(9,762)
Gains (losses) on investments and administrative fees	11,651	18,967	30,618
Balance at December 31, 2023	\$ 89,003	\$ 134,582	\$ 223,585

3. CLIENT DEPOSITS

LASO is the custodian of funds deposited by clients for court costs and other related expenses. Such amounts totaled \$18,872 at December 31, 2023.

4. FAIR VALUE MEASUREMENTS

Various inputs may be used to determine the value of an asset or liability. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value the asset or liability are not necessarily an indication of the risk associated with those assets or liabilities.

The fair value hierarchy is as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Significant other observable inputs including quoted prices for similar assets or liabilities in active markets, quoted prices for similar assets and other observable inputs.

Level 3: Significant unobservable inputs including the funds own assumptions used to determine the fair value of the assets or liabilities.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. FAIR VALUE MEASUREMENTS (Cont'd)

The following table summarizes LASO's financial assets measured at fair value on a recurring basis as of December 31, 2023, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Total fair value	Level 1	Level 2	Level 3
Tulsa Community Foundation	\$ 861,685	\$ 861,685	\$ -	\$ -
Oklahoma City Community Foundation	89,003	-	-	89,003
Total Beneficial Assets	\$ 950,688	\$ 861,685	\$ -	\$ 89,003

The beneficial interest in assets held at the OCCF of \$89,002 as of December 31, 2023, reported as beneficial interest in community foundations in the accompanying statement of financial position, has been valued as a practical expedient, at the fair value of LASO's share of the OCCF's investment pool as of the measurement date. OCCF values securities and other financial instruments on a fair value basis of accounting.

The estimated fair values of certain investments of the OCCF, which includes private placements and other securities for which prices are not readily available, are determined by management of the OCCF and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized and are considered Level 3 measurements. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. A reconciliation of the activities for these Level 3 financial instruments is included in Note 2.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

5. LEASES

LASO has various lease agreements for office facilities which are summarized in the below schedule:

Under FASB ASC Topic 842 accounting for leases, LASO has recognized certain operating leases related to various office spaces as right of use assets and lease liabilities as shown on the statement of financial position. Lease values are presented at net present value using the risk-free rate of 3.98%.

Right to use assets:	
January 1, 2023	\$ 1,482,387
Lease additions / modifications	498,596
Amortization	(808,216)
Total right of use asset	<u>\$ 1,172,767</u>
Lease liabilities:	
January 1, 2023	\$ 1,482,387
Lease additions / modifications	498,596
Lease payments	(870,249)
Interest accretion	62,033
Total lease liabilities	<u>\$ 1,172,767</u>
Lease costs at December 31, 2023	\$ 1,172,767
Operating cash flows for leases	\$ 808,216
Discount rate	3.98%

Pursuant the terms of LASO's lease agreements in effect at December 31, 2023, the following table summarized the organization's maturities of lease liabilities:

2024	\$ 648,196
2025	397,490
2026	161,265
2027	18,619
Total lease payments	1,225,570
Less: imputed interest	(52,783)
Present value of lease liabilities	1,172,787
Less: current obligations under lease	(613,977)
Total	<u>\$ 558,810</u>

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6. PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2023, was:

	Beginning Balance	Additions	Disposals	Ending Balance	LSC*	Non-LSC	Total
Land	\$ 6,500	\$ -	\$ -	\$ 6,500	\$ -	\$ 6,500	\$ 6,500
Buildings & improvements	218,897	-	-	218,897	138,690	80,207	218,897
Furniture	10,000	-	-	10,000	10,000	-	10,000
Vehicles & equipment	24,920	75,334	-	100,254	75,334	24,920	100,254
Software	25,108	-	-	25,108	25,108	-	25,108
Less: Accumulated depreciation	(196,347)	(16,782)	-	(213,129)	(158,609)	(54,520)	(213,129)
Total property and equipment, net	\$ 89,078	\$ 58,552	\$ -	\$ 147,630	\$ 90,523	\$ 57,107	\$ 147,630

* LSC Asset Detail	Cost	Accumulated Depreciation
Vehicles & equipment:		
2023 Ford Transit	\$ 75,334	\$ -
Furniture:		
Cubicle furniture	10,000	10,000
Buildings & improvements:		
Poteau office building	18,500	18,500
Poteau office building repairs	70,676	55,754
Lawton office buildout	33,395	33,395
Tulsa office buildout	5,419	5,419
Tahlequah office buildout	10,700	10,433
Software:		
Intake software	25,108	25,108
	<u>\$ 249,132</u>	<u>\$ 158,609</u>

Depreciation expense was \$16,782 for the year ended December 31, 2023.

7. LIQUIDITY AND AVAILABILITY

LASO receives significant grants and contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. LASO manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurances that long-term obligations will be discharged. LASO works to achieve a year-end balance of reserves including net assets without donor restrictions and undesignated net assets to meet two to three months of expenses. To achieve these targets, LASO forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the year ended December 31, 2023, the level of liquidity and reserves was managed with the policy requirements.

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

7. LIQUIDITY AND AVAILABILITY (Cont'd)

The following table provides information about LASO's liquidity:

Total financial assets		\$	9,670,110
Less donor-imposed restrictions:			
Perpetual in nature	89,003		
Purpose restricted			
Community Foundation	861,685		
Other non-LSC	1,081,748		
			<u>2,032,436</u>
Net financial assets after donor-imposed restrictions			7,637,674
Less internal designations			<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year		\$	<u>7,637,674</u>

8. CONTINGENT LIABILITIES

LASO participates in a number of federal and state assisted programs. These programs are audited in accordance with *Government Auditing Standards* and Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as applicable, in accordance with the required levels of Federal Financial assistance. Audits of prior years have not resulted in any significant disallowed costs. Additionally, the grant programs are subject to audits by the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Management believes that any liability for reimbursement which may arise as the result of audits of grant funds would not be material.

9. PENSION PLAN

LASO has a 401(a) defined contribution pension plan covering all full-time and part-time employees who work 18 hours or more per week. LASO contributes 4% of each participant's qualified compensation to the plan. Participants become fully vested in the plan after three years. Contributions to the plan by LASO were \$551,411 for 2023.

10. PRIVATE ATTORNEY INVOLVEMENT

For 2023, LASO was required to devote an amount equal to at least \$887,695 (12.5% of LSC basic field grant of \$7,101,563) to the involvement of private attorneys. This requirement was met.

11. PRIOR PERIOD RECLASSIFICATIONS

Certain reclassifications have been made in order to display prior years financials to be comparable to the current years financials. The reclass adjustments to prior period amounts had no effect on net assets.

LEGAL AID SERVICES OF OKLAHOMA, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 29, 2024, which is the date the financial statements were available to be issued.

LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS ALL FUNDS

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	LSC Basic Non Private Attorney	LSC Migrant Grant- Non Private Attorney	LSC Midwest Disaster Coordination- Non Private Attorney	LSC Disaster Response Non Private Attorney	LSC Disaster Response Supplemental Non Private Attorney	LSC Basic Private Attorney	LSC Migrant Grant Private Attorney
SUPPORT AND REVENUE							
Government grant revenue	\$ 6,472,118	\$ (6,360)	\$ 17	\$ 20,125	\$ 407,669	\$ 299,843	\$ 6,360
Private grant revenue	-	-	-	-	-	-	-
Contract revenue	-	-	-	-	-	-	-
United Way	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Attorney fee awards	24,882	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-
Interest income	110,092	-	-	-	-	-	-
Realized/unrealized gains	-	-	-	-	-	-	-
Donated services	-	-	-	-	-	-	-
Total support and revenue	<u>6,607,092</u>	<u>(6,360)</u>	<u>17</u>	<u>20,125</u>	<u>407,669</u>	<u>299,843</u>	<u>6,360</u>
EXPENSES							
Salaries	3,589,321	104,321	-	11,589	226,169	184,626	227
Fringe benefits	1,040,334	33,898	-	1,928	68,624	53,611	72
Occupancy	277,097	9,743	-	-	7,352	9,011	211
Office expense	41,554	936	-	-	12,436	1,414	41
Telephone	30,772	897	-	-	1,577	683	38
Travel	33,401	3,624	-	122	10,071	1,647	308
Litigation	3,183	60	-	-	223	206	-
Training	20,518	6,890	-	-	22,415	-	-
Library	25,076	468	17	-	627	1,109	8
Dues and fees	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Professional services	30,277	150	-	-	10,717	14,449	5,417
Equipment	7,538	238	-	-	322	184	32
Other	618,037	838	-	-	5,880	525	6
Depreciation expense	-	-	-	-	-	-	-
Donated services	-	-	-	-	-	-	-
Application line	49,291	1,244	-	-	2,265	1,796	-
Administrative support	840,693	20,504	-	-	38,991	30,582	-
Total expenses	<u>6,607,092</u>	<u>183,811</u>	<u>17</u>	<u>13,639</u>	<u>407,669</u>	<u>299,843</u>	<u>6,360</u>
Change in net assets	-	(190,171)	-	6,486	-	-	-
Net assets - beginning of year	-	322,977	-	(3,835)	-	-	-
NET ASSETS - END OF YEAR	<u>\$ -</u>	<u>\$ 132,806</u>	<u>\$ -</u>	<u>\$ 2,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Revenue	-	625,514	62,820	133,695	279,661		

LEGAL AID SERVICES OF OKLAHOMA, INC.

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS ALL FUNDS (Cont'd)

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	LSC Disaster Response Private Attorney	LSC Property	Total LSC Grants	Non LSC Private Attorney	Non LSC Non Private Attorney	2023 Totals	2022 Totals
SUPPORT AND REVENUE							
Government grant revenue	\$ 2,831	\$ 1,327	\$ 7,203,930	\$ 1,130,538	\$ 13,253,937	\$ 21,588,405	\$ 16,693,791
Private grant revenue	-	-	-	-	797,672	797,672	939,495
Contract revenue	-	-	-	-	1,229,789	1,229,789	1,316,062
United Way	-	-	-	-	704,625	704,625	732,876
Contributions	-	-	-	-	5,943,540	5,943,540	2,204,603
Attorney fee awards	-	-	24,882	-	48,748	73,630	70,404
Miscellaneous income	-	-	-	-	61,313	61,313	45,866
Interest income	-	-	110,092	-	-	110,092	11,871
Realized/unrealized gains	-	-	-	-	97,438	97,438	(157,112)
Donated services	-	-	-	-	295,758	295,758	245,433
Total support and revenue	<u>2,831</u>	<u>1,327</u>	<u>7,338,904</u>	<u>1,130,538</u>	<u>22,432,820</u>	<u>30,902,262</u>	<u>22,103,289</u>
EXPENSES							
Salaries	1,984	-	4,118,237	160,969	9,992,474	14,271,680	12,673,854
Fringe benefits	667	-	1,199,134	48,711	2,902,576	4,150,421	3,668,303
Occupancy	-	-	303,414	18,226	747,903	1,069,544	989,683
Office expense	-	-	56,381	3,979	160,060	220,418	187,318
Telephone	-	-	33,967	1,889	162,235	198,091	228,685
Travel	-	-	49,173	3,533	102,838	155,543	124,786
Litigation	-	-	3,672	927	75,981	80,580	53,780
Training	-	-	49,823	195	82,221	132,239	93,297
Library	-	-	27,305	2,220	66,216	95,741	85,842
Dues and fees	-	-	-	-	32,357	32,357	68,308
Insurance	-	-	-	-	83,356	83,355	79,644
Professional services	-	-	61,010	830,579	2,737,396	3,628,985	2,209,661
Equipment	-	-	8,314	696	79,404	88,414	94,073
Other	-	-	625,286	2,675	1,395,082	2,023,043	2,008,350
Depreciation expense	-	1,327	1,327	-	15,455	16,782	18,717
Donated services	-	-	-	-	295,758	295,758	245,433
Application line	10	-	54,606	3,108	(57,714)	-	-
Administrative support	170	-	930,940	52,831	(983,771)	-	-
Total expenses	<u>2,831</u>	<u>1,327</u>	<u>7,522,589</u>	<u>1,130,538</u>	<u>17,889,827</u>	<u>26,542,951</u>	<u>22,929,734</u>
Change in net assets	-	-	(183,685)	-	4,542,993	4,359,311	(726,445)
Net assets - beginning of year	-	-	319,142	50,217	2,869,710	3,239,069	3,965,514
NET ASSETS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,457</u>	<u>\$ 50,217</u>	<u>\$ 7,412,703</u>	<u>\$ 7,598,380</u>	<u>\$ 3,239,069</u>
Deferred Revenue		24,233	1,125,923		158,323	1,284,246	654,616



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

To the Board of Directors
Legal Aid Services of Oklahoma, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Legal Aid Services of Oklahoma, Inc. (a nonprofit organization) ("LASO"), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LASO'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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LASO'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.

Arledge & Associates PC

Edmond, Oklahoma
April 29, 2024





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Legal Aid Services of Oklahoma, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Legal Aid Services of Oklahoma, Inc.'s ("LASO") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the LSC Audit Guide and Compliance Supplement that could have a direct and material effect on each of LASO's major federal programs for the year ended December 31, 2023. LASO's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, LASO 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, 2023.

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 LASO 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 LASO'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 LASO'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 LASO'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. 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 LASO'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 LASO'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 LASO'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 LASO'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.

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.

Arlidge & Associates PC.

Edmond, Oklahoma
April 29, 2024



LEGAL AID SERVICES OF OKLAHOMA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ <i>PROGRAM TITLE</i>	FEDERAL AL NUMBER	GRANT PERIOD	FEDERAL SUPPORT RECOGNIZED	FEDERAL PROGRAM EXPENDITURES
U.S. Department of Health and Human Services				
Center for Medicare and Medicaid Services				
Cooperative Agreement to Support Navigators in Federally Facilitated and State Partnership Marketplaces	93.332	8/30/2019 to 8/26/2024	\$ 2,561,488	\$ 2,573,514
Total Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges			2,561,488	2,573,514
Connecting Kids to Coverage Healthy Kids Outreach and Enrollment Cooperative Agreement in Oklahoma	93.767	7/19/2022 - 6/30/2025	414,112	412,163
Total Children's Health Insurance Program (CHIP)			414,112	412,163
Administration for Community Living				
Legal Assistance Enhancement Program Cooperative Agreement in Oklahoma	93.048	9/01/2022 - 8/31/2023 9/01/2023 - 8/31/2024	120,157 70,706	139,083 51,780
Total Special Programs for the Aging, Title IV, and Title II, Discretionary Projects			190,863	190,863
Administration for Children and Families				
Social Services Research and Demonstration	93.647	9/30/2023 - 3/31/2025	7,085	7,085
Total Social Services Research and Demonstration			7,085	7,085
Passed through State of Oklahoma Department of Mental Health and Substance Abuse Services				
Enhance Safety of Children Affected by Substance Abuse	93.087	7/01/2023 - 6/30/2023	8,745	8,745
Total Enhance Safety of Children Affected by Substance Abuse			8,745	8,745
Passed Through State of Oklahoma Department of Human Services				
Administration for Children & Families Foster Care Program	93.658	1/1/2023 - 12/31/2023	387,573	387,573
			387,573	387,573
Passed through State of Oklahoma Board of Regents of the University Health Sciences Center				
Maternal, Infant and Early Childhood Homevisiting Grant Program	93.870	10/1/2022 - 9/30/2024	98,700	98,700
			98,700	98,700
<i>Total Department of Health and Human Services</i>			3,668,566	3,678,643

The accompanying notes are an integral part of these financial statements

LEGAL AID SERVICES OF OKLAHOMA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ <i>PROGRAM TITLE</i>	FEDERAL AL NUMBER	GRANT PERIOD	FEDERAL SUPPORT RECOGNIZED	FEDERAL PROGRAM EXPENDITURES
Passed Through State of Oklahoma Department of Human Services and Area Agencies on Aging				
Special Programs for the Aging - Title III				
Part B-Grants for Supportive and Senior Citizens				
Areawide Aging Agency	93.044	7/1/2022 to 6/30/2023 7/1/2023 to 6/30/2024	31,019 56,279 <hr/> 87,298	31,019 56,279 <hr/> 87,298
Association of South Central Oklahoma Governments	93.044	7/1/2022 to 6/30/2023 7/1/2023 to 6/30/2024	16,716 31,457 <hr/> 48,173	16,716 31,457 <hr/> 48,173
Central Oklahoma Economic Development District	93.044	7/1/2023 to 6/30/2024	19,205 <hr/> 19,205	19,205 <hr/> 19,205
Eastern Oklahoma Development District	93.044	7/1/2022 to 6/30/2023 7/1/2023 to 6/30/2024	5,957 56,767 <hr/> 62,724	5,957 56,767 <hr/> 62,724
Grand Gateway Economic Development Association	93.044	7/1/2022 to 6/30/2023 7/1/2023 to 6/30/2024	17,529 17,213 <hr/> 34,742	17,529 17,213 <hr/> 34,742
Kiamichi Economic Development District of Oklahoma	93.044	7/1/2022 to 6/30/2023 7/1/2023 to 6/30/2024	4,562 14,988 <hr/> 19,550	4,562 14,988 <hr/> 19,550
Long Term Care Authority of Enid	93.044	7/1/2022 to 6/30/2023 7/1/2023 to 6/30/2024	9,550 12,467 <hr/> 22,017	9,550 12,467 <hr/> 22,017
Southern Oklahoma Development Association	93.044	7/1/2022 to 6/30/2023 7/1/2023 to 6/30/2024	9,625 7,118 <hr/> 16,743	9,625 7,118 <hr/> 16,743
Southwestern Oklahoma Development Authority	93.044	7/1/2022 to 6/30/2023 7/1/2023 to 6/30/2024	14,809 16,765 <hr/> 31,574	14,809 16,765 <hr/> 31,574
Indian Nations Council of Governments	93.044	7/1/2022 to 6/30/2023 7/1/2023 to 6/30/2024	17,069 13,480 <hr/> 30,549	17,069 13,480 <hr/> 30,549
Total Special Programs for the Aging - Title III Part B-Grants for Supportive and Senior Citizens			<hr/> 372,575	<hr/> 372,575
<i>Total Department of Health and Human Services</i>			<hr/> 372,575	<hr/> 372,575
Total Aging Cluster			<hr/> 372,575	<hr/> 372,575

The accompanying notes are an integral part of these financial statements

LEGAL AID SERVICES OF OKLAHOMA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ <i>PROGRAM TITLE</i>	FEDERAL AL NUMBER	GRANT PERIOD	FEDERAL SUPPORT RECOGNIZED	FEDERAL PROGRAM EXPENDITURES
Legal Services Corporation:				
Basic Field Grant	09.737066	1/1/2023 - 12/31/2023	6,771,961	6,771,961
			<u>6,771,961</u>	<u>6,771,961</u>
Migrant Component	09.737066	1/1/2023 - 12/31/2023	-	187,520
			<u>-</u>	<u>187,520</u>
Technology Innovation Grant	09.737066	1/1/2023 - 12/31/2024	10,121	10,121
			<u>10,121</u>	<u>10,121</u>
Midwest Disaster Coordination	09.737066	6/3/2019 - 6/3/2022	17	17
			<u>17</u>	<u>17</u>
Disaster Response Supplemental	09.737066	1/1/2020 - 6/30/2022	20,125	16,290
			<u>20,125</u>	<u>16,290</u>
Disaster Response Supplemental	09.737066	07/01/2022 - 6/30/2025	400,602	400,602
			<u>400,602</u>	<u>400,602</u>
Disaster Response Supplemental	09.737066	07/01/2023 - 07/01/2025	9,898	9,898
			<u>9,898</u>	<u>9,898</u>
<i>Total Legal Services Corporation</i>			<u>7,212,724</u>	<u>7,396,409</u>
U. S. Department of Housing and Urban Development				
Eviction Protection Grant Program	14.537	7/18/2022 - 7/18/2024	901,295	901,295
Total Eviction Protection Grant Program			<u>901,295</u>	<u>901,295</u>
Private Enforcement Initiative	14.418	7/01/2020 - 6/30/2023	187,500	187,500
		7/01/2023 - 6/30/2026	187,500	187,500
		8/01/2022 - 2/1/2024	<u>213,890</u>	<u>213,890</u>
Total Private Enforcement Initiatives			588,890	588,890
Passed Through City of Tulsa				
Emergency Shelter Grant	14.231	7/1/2022 to 6/30/2023	11,920	11,920
		7/1/2023 to 6/30/2024	<u>10,066</u>	<u>10,066</u>
Total Emergency Solutions Grants Program			21,986	21,986
<i>Total Department of Housing and Urban Development</i>			<u>1,512,171</u>	<u>1,512,171</u>
CDBG - Entitlement Grants-Cluster				
Community Development Block Grant	14.218	2/1/2022 - 12/31/2023	121,120	121,120
Total Community Development Block Grants/Entitlement Grants			<u>121,120</u>	<u>121,120</u>
<i>Total Department of Housing and Urban Development</i>			<u>121,120</u>	<u>121,120</u>
Total CDBG - Entitlement Grants-Cluster			<u>121,120</u>	<u>121,120</u>

The accompanying notes are an integral part of these financial statements

LEGAL AID SERVICES OF OKLAHOMA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ <i>PROGRAM TITLE</i>	FEDERAL AL NUMBER	GRANT PERIOD	FEDERAL SUPPORT RECOGNIZED	FEDERAL PROGRAM EXPENDITURES
US Department of Justice				
Passed through Oklahoma District Attorney's Council Crime Victim Assistance	16.575	10/1/2022 to 9/30/2023 10/1/2023 to 9/30/2024	890,911 260,941	890,911 260,941
Total Crime Victim Assistance			1,151,852	1,151,852
Rural Domestic Violence, Dating Violence, Sexual Assault and Stalking Assistance Program	16.589	10/01/2019 - 6/30/2023	22,176	22,176
Total Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program			22,176	22,176
Legal Assistance for Victims	16.524	10/01/2022 - 09/30/2025	146,043	146,043
Legal Assistance for Victims	16.524	10/01/2019 - 6/30/2023	49,690	49,690
Legal Assistance for Victims Passed through SOS for Families	16.524	10/1/2021 - 9/30/2024	105,771	105,771
Legal Assistance for Victims Passed through SafeNet Services	16.524	10/1/2021 - 9/30/2024	88,969	88,969
Legal Assistance for Victims Passed through Survivor Resource Network	16.524	10/1/2021 - 9/30/2024	73,025	73,025
Legal Assistance for Victims Passed through YWCA-OKC	16.524	10/1/2022 - 9/30/2025	124,968	124,968
Total Legal Assistance for Victims			588,466	588,466
<i>Total United States Department of Justice</i>			1,762,494	1,762,494
US Department of Veterans Affairs				
Legal Services for Homeless Veterans	64.056	8/01/2023 - 7/31/2024	47,905	47,905
Total Legal Services for Homeless Veterans and Veterans At- Risk for Homelessness			47,905	47,905
<i>Total Department of Veterans Affairs</i>			47,905	47,905
US Department of the Treasury/Internal Revenue Service				
Low Income Tax Clinics	21.008	01/01/2021 - 12/31/2021	66,260	66,260
Total Low Income Taxpayer Clinics			66,260	66,260
Emergency Rental Assistance Program	21.023	10/1/2022 - 12/31/2023	5,117,998	3,470,357
Total Emergency Rental Assistance Program			5,117,998	3,470,357
Passed through City of Tulsa - Coronavirus State and Local Fiscal Recovery Funds	21.027	11/1/2023 - 8/31/2024	7,446	7,446
Passed through City of Norman - Coronavirus State and Local Fiscal Recovery Funds	21.027	2/01/2023 - 12/31/2026	69,839	69,839
Total Coronavirus State and Local Fiscal Recovery Funds			77,285	77,285
<i>Total Department of the Treasury</i>			5,261,543	3,613,902
TOTAL FEDERAL AWARDS			\$ 55,404,736	\$ 18,505,219

The accompanying notes are an integral part of these financial statements

LEGAL AID SERVICES OF OKLAHOMA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards include the federal grant activity of Legal Aid Services of Oklahoma, Inc. (LASO), under programs of the federal government for the year ended December 31, 2023. The information in the schedule of expenditures of federal awards is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of LASO, it is not intended to and does not present the financial position, changes in net assets or cash flows of LASO.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. 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. LASO uses a provisional indirect cost rate method throughout the period pending the establishment of a final rate after actual indirect and direct costs are determined. LASO has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. The indirect cost rates charged to federal awards in 2023 range from 26.61% to 31.69% of direct costs. LASO has proposed to change the rate type from provisional to a predetermined rate, which is pending approval with the U.S. Department of Health and Human services since May 11, 2022.

3. CONTINGENT LIABILITIES

LASO participated in a number of federal assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the Uniform Guidance, if applicable, in accordance with the required levels of Federal Financial assistance. Audits of prior years have not resulted in any significant disallowed costs. Additionally, the grant programs are subject to audits by the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Management believes that any liability for reimbursement which may arise as the result of audits of grant funds would not be material.

4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal financial reports filed with the grantor agencies because of accruals made in the schedule which will be included in future reports with agencies.

5. SUBSEQUENT EVENTS

LASO has evaluated the effects of all subsequent events from December 31, 2023, through the date the SEFA was available to be issued, for potential recognition or disclosure in this SEFA. LASO is not aware of any subsequent events which would require recognition or disclosure in the SEFA.

LEGAL AID SERVICES OF OKLAHOMA, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023**

Section I--Summary of Auditor's Results

Financial statements

Type of auditor's report issued on whether the financial statements were in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

<u>Program</u>	<u>Assistance Listing Number</u>
Legal Services Corporation Grant	09.737066
Eviction Protection Grant Program	14.537
Crime Victim Assistance	16.575
Emergency Rental Assistance Program	21.023

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

Auditee qualified as low-risk auditee? yes no

LEGAL AID SERVICES OF OKLAHOMA, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023**

SECTION II – Financial Statement Findings

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

There are no findings requiring reporting under this section.

SECTION III – Federal Awards Findings and Questioned Costs

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

There are no findings requiring reporting under this section.

LEGAL AID SERVICES OF OKLAHOMA, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2023**

SECTION II – Financial Statement Findings

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

<u>Reference Number</u>	<u>Summary of Finding</u>	<u>Status</u>
Finding 2022-001 – Monitoring cutoff during year end financial statement close	Condition: Revenues and expenditures related to fiscal year 2023 were improperly recorded in the fiscal year ending December 31, 2022. Management Response: We agree with the auditor’s finding and the above actions will be taken to improve year end cutoff. LASO is recruiting for an additional accountant who will provide the necessary support and the position is anticipated to be filled mid-2023.	Resolved

SECTION III – Federal Awards Findings and Questioned Costs

Compliance and Internal Control Findings

<u>Reference Number</u>	<u>Summary of Finding</u>	<u>Status</u>
Finding 2022-002 – Eligibility and documentation of Emergency Rental Assistance Program (ERAP)	Condition: Case files relating to housing stability service applicants under ERAP 1 lacked sufficient documentation or self-attestation in LASO’s case management system for providing evidence of how COVID-19 resulted in the applicant’s financial hardship. Additionally, case files which were noted by LASO as not COVID-19 related but still assigned to ERAP 1, and documented financial hardship linked to no illness, health, or related COVID-19 impacts resulting in ineligible cases for ERAP 1. Management Response: LASO agrees with the finding. LASO ERAP 1 (Emergency Rental Assistance Program) grant eligibility relied on the existence of a hardship directly or indirectly related to Covid. By comparison, LASO ERAP 2 grant eligibility relies more on financial hardship. LASO ERAP 1 funds were primarily earned by LASO through efforts to prevent the eviction of clients during the peak of COVID by LASO attorney presence at every FED docket. Many of the LASO eviction defenses were facilitated by the COVID eviction moratorium and the availability of additional ERAP 1 funds thru CCP (Community Cares Partners) to pay for both past and future rent for tenants directly or indirectly impacted by COVID. LASO agrees with the auditor’s finding that a portion of the sampled LASO ERAP 1 cases did not have clear documentation of how the client was impacted by COVID-19, though all cases were of an eligible type of case. The ERAP 1 grant has ended. For the ERAP 2 grant LASO has two grant managers to oversee implementation of the grant and provide training to staff on the eligibility requirements and documentation of such.	Resolved