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October 13, 2016

Board of Directors
Legal Aid Society of Evansville, Inc.
1 N. W. Martin Luther King, Jr. Blvd.
Evansville, IN 47708

We have reviewed the audit report prepared by Timothy J. Otte CPA, PC, for the period January 1, 2015 to December 31, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition Legal Aid Society of Evansville, Inc., as of December 31, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

Timothy J.  Otte CPA, PC

LEGAL AID SOCIETY OF EVANSVILLE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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LEGAL AID SOCIETY OF EVANSVILLE, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Legal Aid Society of Evansville, Inc.

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legal Aid Society of Evansville, Inc. as of December 31, 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Legal Aid Society of Evansville, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Timothy J. Curtis CPA PC

Newburgh, IN
June 29, 2016

LEGAL AID SOCIETY OF EVANSVILLE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
(with Comparative Totals for the Year Ended December 31, 2014)

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Current Assets					
Cash- Checking	\$ 99,713	\$ 8,422	\$ -	\$ 108,135	\$ 112,808
Cash- MM	154,431	-	-	154,431	152,464
Prepaid Cash Card	1,676	-	-	1,676	1,086
Total Current Assets	<u>255,820</u>	<u>8,422</u>	<u>-</u>	<u>264,241</u>	<u>266,358</u>
Property and Equipment					
Furniture and Equipment	55,697	-	-	55,697	55,697
Library	5,835	-	-	5,835	5,835
Leasehold Improvements	11,704	-	-	11,704	11,704
Less Accumulated Depreciation	(68,299)	-	-	(68,299)	(66,625)
Total Property and Equipment	<u>4,937</u>	<u>-</u>	<u>-</u>	<u>4,937</u>	<u>6,611</u>
Other Assets					
Agency Endowment	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Assets	<u>\$ 260,756</u>	<u>\$ 8,422</u>	<u>\$ 10,000</u>	<u>\$ 279,178</u>	<u>\$ 272,968</u>
LIABILITIES AND NET ASSETS					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets	<u>260,756</u>	<u>8,422</u>	<u>10,000</u>	<u>279,178</u>	<u>272,968</u>
Total Liabilities and Net Assets	<u>\$ 260,756</u>	<u>\$ 8,422</u>	<u>\$ 10,000</u>	<u>\$ 279,178</u>	<u>\$ 272,968</u>

See notes to financial statements

LEGAL AID SOCIETY OF EVANSVILLE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(with comparative Totals for the Year Ended December 31, 2014)

SUPPORT AND REVENUE

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
City & County Funds	\$ 352,615	\$ -	\$ -	\$ 352,615	\$337,029
United Way Funds	48,470	-	-	48,470	49,142
Grant Funds	33,716	-	-	33,716	31,677
Interest Income	230	-	-	230	226
Client Funds	978	-	-	978	2,835
Other Income	7,951	-	-	7,951	9,881
Net Assets Released from Restrictions	(8,906)	(1,094)	10,000	-	-
Total Support and Revenue	<u>435,054</u>	<u>(1,094)</u>	<u>\$ 10,000</u>	<u>443,960</u>	<u>430,790</u>
EXPENSES					
Program Services	358,955	-	-	358,955	334,758
Supporting Services	78,795	-	-	78,795	73,483
Total Expenses	<u>437,750</u>	<u>-</u>	<u>-</u>	<u>437,750</u>	<u>408,241</u>
CHANGE IN NET ASSETS	(2,696)	(1,094)	10,000	6,210	22,549
NET ASSETS- BEGINNING OF YEAR	<u>263,453</u>	<u>9,516</u>	<u>-</u>	<u>272,968</u>	<u>250,420</u>
NET ASSETS- END OF YEAR	<u>\$ 260,756</u>	<u>\$ 8,422</u>	<u>\$ 10,000</u>	<u>\$ 279,178</u>	<u>\$272,968</u>

See notes to financial statements

LEGAL AID SOCIETY OF EVANSVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(with Comparative Totals for the Year Ended December 31, 2014)

	Program Services	Supporting Services	2015 Total	2014 Total
Salaries	\$ 258,484	\$ 56,740	\$ 315,224	\$ 287,537
Payroll Taxes	18,930	4,155	23,085	21,187
Retirement	25,784	5,660	31,443	30,086
Office Supplies	4,631	1,017	5,647	6,089
Other Insurance	1,158	254	1,412	1,330
Meetings/Conferences	461	101	562	369
Postage	656	144	800	800
Telephone	1,082	238	1,320	1,440
Law Books	4,739	1,040	5,779	4,760
Professional Fees	4,293	942	5,235	5,330
Client Services	2,073	455	2,529	4,975
Printing	-	-	-	119
Advertising	810	178	988	969
Equipment Repairs	-	-	-	71
Maintenance Contracts	2,321	509	2,831	2,845
Rent	24,958	5,479	30,437	30,437
Malpractice Insurance	3,691	810	4,502	3,772
Dues & Subscriptions	1,633	359	1,992	1,804
Continuing Education	45	10	55	165
Miscellaneous	1,833	402	2,236	1,712
Depreciation	1,373	301	1,674	2,444
	<u>\$ 358,955</u>	<u>\$ 78,795</u>	<u>\$ 437,750</u>	<u>\$ 408,241</u>

See notes to financial statements

LEGAL AID SOCIETY OF EVANSVILLE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(with Comparative Totals for the Year Ended December 31, 2014)

	2015	2014
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 6,210	\$ 22,549
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,674	2,444
Prepaid Expenses	(590)	(1,086)
Prior Period Adjustment	-	2,677
Net Cash Provided by Operations	<u>7,294</u>	<u>26,585</u>
Cash Flows From Investing Activities:		
Investments	(10,000)	-
Purchase of Furniture and Equipment	-	-
Net Cash Provided From Investing Activities	<u>(10,000)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,706)	26,585
Cash and Cash Equivalents at Beginning of Year	<u>265,272</u>	<u>238,687</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 262,566</u></u>	<u><u>\$ 265,272</u></u>

See notes to financial statements

**LEGAL AID SOCIETY OF EVANSVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission - The Organization was founded in 1958 to provide free legal advice and representation to qualifying low income residents of Vanderburgh County in select civil matters. Approximately 800-900 cases are handled each year.

Basis of Accounting – The accompanying financial statements are presented on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – In accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 958, *Not-for-Profit Entities*, and the Organization reports information regarding its financial position and activities within three classes of net assets: unrestricted, temporarily restricted and permanently restricted based on donor specifications. The accompanying financial statements include the assets, liabilities, net assets and financial activities maintained by and directly under the administration of the Legal Aid Society, Inc.

Federal Income Taxes- The Organization is recognized as a non-profit organization, under Section 501(c)(3) of the Internal Revenue Code, by both federal and state taxing authorities and is exempt from income taxes.

The Organization's Federal Exempt From Income Tax Returns (Form 990) are subject to examination by the IRS, generally for three years after they were filed.

Concentration of Credit Risk – The Organization received 80% of its funding from the City of Evansville and Vanderburgh County for the year ended December 31, 2015 and 79% of its funding for the year ended December 31, 2014.

Use of 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 effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment - Building additions and equipment with an estimated useful life of greater than one year are recorded at cost. Maintenance and repairs are charged to expense as incurred; major improvements are capitalized. The organization follows the practice of capitalizing all expenditures for fixed assets in excess of \$1,000. The cost of property, plant and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method for financial reporting purposes.

Functional Allocation of Expenses – The costs of providing the various services, programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among services benefited.

**LEGAL AID SOCIETY OF EVANSVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Organization considers all investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in the total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2014, from which the summarized information was derived.

NOTE 2- RESTRICTED NET ASSETS

Temporarily restricted net assets are funds which are restricted by the donor. The assets are reclassified when the specified use of the funds is fulfilled. Temporarily restricted net assets at December 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
AD/GD	\$ 1,152	\$ 1,666
PUB/LIT	4,417	4,470
Other	<u>2,853</u>	<u>3,380</u>
	<u>\$ 8,422</u>	<u>\$ 9,516</u>

Permanently restricted assets at December 31, 2015 consist of a contribution to an Agency Endowment Fund (See Note7).

NOTE 3 - EMPLOYEE BENEFIT PLAN

The Organization provides retirement benefits to substantially all employees through individual annuities with the Public Employees Retirement Fund. It is the Organization’s policy to fund pension costs annually. Pension costs for the years ended December 31, 2015 and 2014 were \$31,443 and \$30,086, respectively.

NOTE 4- DISBURSEMENTS

The Organization disburses a majority of funds utilizing a process whereby a voucher is submitted to the Vanderburgh County Auditor and Treasurer for payment.

NOTE 5- OPERATING AGREEMENT

The Organization operates under an Interlocal Governmental Agreement dated April 9, 1986 with the City of Evansville and Vanderburgh County. The Original agreement had a three year term and a provision whereby it is automatically renewed for successive terms of three years each, unless notice to terminate is given by either party.

**LEGAL AID SOCIETY OF EVANSVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

NOTE 6- LEASE AGREEMENTS

The Organization leases office space under an annually renewable lease agreement. The lease agreement is renewable on January 1st of each year. The lease expense for the years ended December 31, 2015 and 2014 were \$30,437 and \$30,437, respectively.

In addition, the Organization leases a copier under a noncancelable operating lease agreement expiring in April of 2017. Total lease expense for the years ended December 31, 2015 and 2014 were \$1,376 and \$1,376, respectively.

Future minimum lease payments under the noncancelable operating lease are as follows:

Year Ending December 31,	<u>Amounts</u>
2016	<u>1,376</u>
	\$ <u>1,376</u>

NOTE 7- AGENCY ENDOWMENT FUND

The Organization on December 29, 2015 established an Endowment Fund with the Community Foundation Alliance, Inc. \$10,000 was initially contributed with an additional \$5,000 matched by the Vanderburgh Community Foundation. The Organization has granted the Foundation variance power which gives the Foundation's Board of Directors the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies. The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held at the Community Foundation Alliance, Inc. in the statement of financial position and reports distributions received as investment income. Changes in the value of the Fund are reported as gains or losses in the statement of activities.

NOTE 8- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions through June 29, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.