



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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May 9, 2008

Board of Directors
Legal Aid Society of Evansville, Inc.
1 NW Martin Luther King, Jr. Blvd., Room 105
Evansville, IN 47708-1828

We have reviewed the audit report prepared by Richard A. Goelz, CPA, Independent Public Accountant, for the period January 1, 2006 to December 31, 2006. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Legal Aid Society of Evansville, Inc., as of December 31, 2006, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

LEGAL AID SOCIETY OF EVANSVILLE, INC.

FINANCIAL REPORT

December 31, 2006

LEGAL AID SOCIETY OF EVANSVILLE, INC.
(An Indiana Not-For-Profit Corporation)

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Richard A. Goetz
Certified Public Accountant
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Evansville, Indiana 47710
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INDEPENDENT AUDITOR'S REPORT

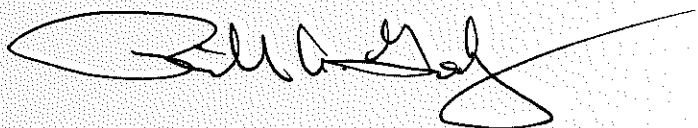
Board of Directors
Legal Aid Society of Evansville, Inc.
1 NW Martin Luther King, Jr. Blvd. RM 105
Evansville, Indiana 47708

I have audited the accompanying statement of assets, liabilities, and net assets-modified cash basis of Legal Aid Society of Evansville, Inc., (An Indiana Not-For-Profit Corporation) as of December 31, 2006, and the related statements of support, revenue, and functional expenses and changes in net assets-modified cash basis and the statement of functional expenses-modified cash basis for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the Corporation's policy is to prepare its financial statements on a modified cash basis; consequently, certain revenues and the related assets are recognized when received rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets Legal Aid Society of Evansville, Inc. as of December 31, 2006, and the support, revenue, and functional expenses and changes in net assets for the year then ended, on the basis of accounting as described in Note 1.



August 21, 2007
Evansville, Indiana

LEGAL AID SOCIETY OF EVANSVILLE, INC.
 (An Indiana Not-For-Profit Corporation)

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS-MODIFIED CASH BASIS

December 31, 2006

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
ASSETS			
<u>CURRENT ASSETS</u>			
Cash-Checking	\$ 27,399	\$ 107	\$ 27,506
Cash-Savings	24,439	0	24,439
Cash-Certificates of Deposit	55,495	5,321	60,816
Prepaid Copier Lease	<u>2,940</u>	<u>0</u>	<u>2,940</u>
Total Current Assets	110,273	5,428	115,701
<u>FIXED ASSETS</u>			
Furniture and Equipment	78,058	0	78,058
Library	5,835	0	5,835
Leasehold Improvements	<u>8,491</u>	<u>0</u>	<u>8,491</u>
	92,384	0	92,384
Less: Accumulated Depreciation	<u>(80,258)</u>	<u>0</u>	<u>(80,258)</u>
	<u>12,126</u>	<u>0</u>	<u>12,126</u>
TOTAL ASSETS	\$ <u>122,399</u>	\$ <u>5,428</u>	\$ <u>127,827</u>
 LIABILITIES AND NET ASSETS			
Liabilities	\$ 5,350	\$ 0	\$ 5,350
Net Assets	<u>117,049</u>	<u>5,428</u>	<u>122,477</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>122,399</u>	\$ <u>5,428</u>	\$ <u>127,827</u>

See Notes to Financial Statements

LEGAL AID SOCIETY OF EVANSVILLE, INC.
 (An Indiana Not-For-Profit Corporation)

**STATEMENT OF SUPPORT, REVENUES, AND FUNCTIONAL EXPENSES AND
 CHANGES IN NET ASSETS-MODIFIED CASH BASIS**

For the Year Ended December 31, 2006

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>SUPPORT and REVENUE</u>			
City & County Funds	\$ 314,805	\$ 0	\$ 314,805
United Way Funds	62,849	0	62,849
Grant Funds	<u>19,230</u>	0	<u>19,230</u>
Total Public Support	396,884	0	396,884
Interest Income	2,635	204	2,839
Client Fees Received	0	468	468
Other Income	<u>1,941</u>	<u>0</u>	<u>1,941</u>
	<u>4,576</u>	<u>672</u>	<u>5,248</u>
Restricted Asset Releases	<u>672</u>	<u>(672)</u>	<u>0</u>
TOTAL SUPPORT AND REVENUE	402,132	0	402,132
<u>FUNCTIONAL EXPENSES</u>			
Program Services	320,962	0	320,962
Supporting Services- Management and General	<u>80,083</u>	<u>157</u>	<u>80,240</u>
TOTAL FUNCTIONAL EXPENSES	<u>401,045</u>	<u>157</u>	<u>401,202</u>
CHANGE IN NET ASSETS	1,087	(157)	930
Net Assets at Beginning of Year	<u>115,962</u>	<u>5,585</u>	<u>121,547</u>
NET ASSETS AT END OF YEAR	\$ <u>117,049</u>	\$ <u>5,428</u>	\$ <u>122,477</u>

See Notes to Financial Statements.

LEGAL AID SOCIETY OF EVANSVILLE, INC.
(An Indiana Not-For-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES-MODIFIED CASH BASIS

For the Year Ended December 31, 2006

	<u>Program Services</u>	<u>Supporting Services- Management & General</u>	<u>Total</u>
<u>FUNCTIONAL EXPENSES</u>			
Salaries and Wages	\$ 229,870	\$ 57,467	\$ 287,337
Pension Plan Contributions	13,546	3,386	16,932
Payroll Taxes	16,981	4,245	21,226
Continuing Education	2,850	712	3,562
Rent	17,746	4,437	22,183
Depreciation	6,135	1,534	7,669
Equipment Rental	4,964	1,241	6,205
Equipment Maintenance	3,191	800	3,991
Malpractice Insurance	3,410	853	4,263
Other Insurance	594	148	742
Professional Fees	2,400	600	3,000
Travel	2,363	591	2,954
Office Supplies	4,247	1,062	5,309
Software	262	65	327
Licenses and Fees	378	94	472
Dues and Subscriptions	1,294	323	1,617
Printing	1,223	306	1,529
Yellow Pages Advertising	1,200	300	1,500
Telephone	1,378	344	1,722
Client Services	290	72	362
Law Books	1,687	422	2,109
Loss on Equipment Disposals	2,349	587	2,936
Miscellaneous	2,604	651	3,255
	<u>\$ 320,962</u>	<u>\$ 80,240</u>	<u>\$ 401,202</u>

See Notes to Financial Statements.

LEGAL AID SOCIETY OF EVANSVILLE, INC.
(An Indiana Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

Legal Aid Society of Evansville, Inc., was founded in 1958 and is an Indiana Not-For-Profit Corporation located in Evansville, Indiana. The Corporation receives approximately 75% of its funding from the City of Evansville and Vanderburgh County. The funds received are used to provide free legal assistance to the needy and underprivileged citizens of Vanderburgh County. Approximately 700-800 cases are handled each year.

Basis of Accounting

The Corporation maintains its accounts on a modified cash basis with a provision for the depreciation of fixed assets. Under this method of accounting, income is not recorded on the books until cash is received. Expenses incurred are not recorded until time of payment. The accompanying financial statements, therefore, do not reflect accrued income, accrued or prepaid expenses, nor the financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

Income Taxes

The Corporation is an Indiana Not-For-Profit Corporation, which qualifies as a tax-exempt, non-profit organization under Internal Revenue Code section 501(c)(3). Accordingly, no provision for federal or state income taxes is required.

Fixed Assets

Furniture and equipment, consisting of office equipment is stated at cost. Depreciation is calculated using the straight-line method based on the estimated useful life of the assets.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LEGAL AID SOCIETY OF EVANSVILLE, INC.
(An Indiana Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE 2 - NET ASSET CLASSIFICATIONS

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." SFAS No. 117 requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted.

NOTE 3 - EMPLOYEE BENEFIT PLAN

The Corporation provides retirement benefits to substantially all employees through individual annuities with the Public Employees Retirement Fund. It is the Corporation's policy to fund pension costs annually. Pension costs for 2006 were \$ 16,932.

NOTE 4 - DISBURSEMENTS

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

NOTE 5 - LEASE AGREEMENTS

The Corporation offices are located in the Civic Center under an annually renewable lease agreement. The lease agreement is renewable on January 1st of each year. The lease expense under this agreement for the year ended December 31, 2006 was \$ 22,183.

The Corporation also leases a copier for an annual rental of \$ 2,988.

NOTE 6 - OPERATING AGREEMENT

The Corporation 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.