

Legal Aid Services of Oklahoma, Inc.

Oklahoma City, Oklahoma

EIN # 73-1022203

LSC Grant Recipient No. 737066

***REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION***

For the Year Ended December 31, 2011

SAUNDERS & ASSOCIATES, PLLC

Certified Public Accountants

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LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Legal Aid Services of Oklahoma, Inc.
Oklahoma City, Oklahoma

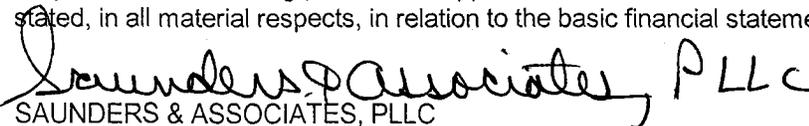
We have audited the accompanying statement of financial position of Legal Aid Services of Oklahoma, Inc. as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Legal Aid Services of Oklahoma, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Legal Aid Services of Oklahoma, Inc.'s 2010 financial statements and, in our report dated April 11, 2011, we expressed an unqualified opinion on those financial statements.

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Legal Aid Services of Oklahoma, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. 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. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legal Aid Services of Oklahoma, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2012 on our consideration of Legal Aid Services of Oklahoma, Inc.'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Legal Aid Services of Oklahoma, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, accompanying supplemental information, as listed in the preceding table of contents, is presented for purposes of additional analysis. This supplemental information is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

April 2, 2012

FINANCIAL STATEMENTS

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

STATEMENT OF FINANCIAL POSITION

As of December 31, 2011
(With Comparative Totals as of December 31, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,252,829	\$ 923,119	\$ 0	\$ 2,175,948	\$ 1,659,453
Grants Receivable	690,964	69,333	0	760,297	764,582
Other Receivables	0	2,501	0	2,501	1,467
Unconditional Promises to Give	14,710	10,000	0	24,710	44,770
Allowance for Uncollectible Promises	(2,686)	0	0	(2,686)	(2,686)
Investments	247,342	801,425	0	1,048,767	491,933
Prepaid Expenses	0	144,153	0	144,153	99,509
Total Current Assets	<u>2,203,159</u>	<u>1,950,531</u>	<u>0</u>	<u>4,153,690</u>	<u>3,059,028</u>
Property:					
Land	0	6,500	0	6,500	6,500
Buildings & Improvements	133,389	98,583	0	231,972	230,471
Furniture	0	10,000	0	10,000	11,429
Equipment	280,788	33,393	0	314,181	317,675
Software	52,671	4,225	0	56,896	56,896
Less: Accumulated Depreciation	<u>(276,229)</u>	<u>(103,823)</u>	<u>0</u>	<u>(380,052)</u>	<u>(300,888)</u>
Total Property	<u>190,619</u>	<u>48,878</u>	<u>0</u>	<u>239,497</u>	<u>322,083</u>
Other Assets:					
Endowment Fund	0	0	18,063	18,063	15,636
Total Other Assets	<u>0</u>	<u>0</u>	<u>18,063</u>	<u>18,063</u>	<u>15,636</u>
TOTAL ASSETS	<u>\$ 2,393,778</u>	<u>\$ 1,999,409</u>	<u>\$ 18,063</u>	<u>\$ 4,411,250</u>	<u>\$ 3,396,747</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts Payable	\$ 20,102	\$ 49,185	\$ 0	\$ 69,287	\$ 64,485
Other Payable	14,152	0	0	14,152	11,205
Deferred Revenue	22,083	38,469	0	60,552	85,132
Client Trust Payable	0	9,275	0	9,275	11,025
Accrued Salaries and Benefits	8,162	123,129	0	131,291	200,699
Accrued Vacation	25,091	332,649	0	357,740	347,659
Total Current Liabilities	<u>89,590</u>	<u>552,707</u>	<u>0</u>	<u>642,297</u>	<u>720,205</u>
Total Liabilities	<u>89,590</u>	<u>552,707</u>	<u>0</u>	<u>642,297</u>	<u>720,205</u>
Net Assets:					
Unrestricted:					
Board Designated for					
Technology Replacements	180,000	0	0	180,000	120,000
Undesignated	2,124,188	0	0	2,124,188	1,884,607
Temporarily Restricted:					
Legal Services Corporation - Grant	0	488,701	0	488,701	474,112
Legal Services Corporation - Property	0	48,878	0	48,878	56,818
Non-LSC	0	909,123	0	909,123	125,369
Permanently Restricted	0	0	18,063	18,063	15,636
Total Net Assets	<u>2,304,188</u>	<u>1,446,702</u>	<u>18,063</u>	<u>3,768,953</u>	<u>2,676,542</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,393,778</u>	<u>\$ 1,999,409</u>	<u>\$ 18,063</u>	<u>\$ 4,411,250</u>	<u>\$ 3,396,747</u>

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	Unrestricted	Temporarily Restricted		Permanently Restricted	2011 Total	2010 Total
		LSC	Non-LSC			
REVENUES, GAINS AND OTHER SUPPORT						
Government Grant Revenue	\$ 0	\$ 5,015,203	\$ 623,039	\$ 5,638,242	\$ 0	\$ 6,047,303
Private Grant Revenue	246,646	0	49,917	49,917	296,563	313,882
Contract Revenue	1,466,584	0	0	0	1,466,584	1,599,019
United Way	0	0	495,495	495,495	495,495	508,298
Contributions	574,269	0	1,060,552	1,060,552	1,634,821	724,804
Miscellaneous Income	0	16,409	1,425	17,834	20,261	7,181
Interest Income	3,014	194	0	194	3,208	8,819
Donated Space	1,471	0	0	0	1,471	0
Donated Services	528,456	0	0	0	528,456	433,078
Total Revenue and Gains	2,820,440	5,031,806	2,230,428	7,262,234	10,085,101	9,642,384
Net Assets Released From Restrictions:						
Satisfaction of Program Requirements	6,453,047	(5,025,157)	(1,427,890)	(6,453,047)	0	0
Total Revenues, Gains and Other Support	9,273,487	6,649	802,538	809,187	10,085,101	9,642,384
EXPENSES						
Civil Legal Services	7,151,949	0	0	0	7,151,949	7,389,921
Public Defender Management and General	406,685	0	0	0	406,685	465,495
Fund Raising	1,140,250	0	0	0	1,140,250	1,058,593
Total Expenses	293,806	0	0	0	293,806	251,377
	8,992,690	0	0	0	8,992,690	9,165,386
Change in Net Assets	280,797	6,649	802,538	809,187	1,092,411	476,998
Net Assets, Beginning of Year Transfers	2,004,607	530,930	125,369	656,299	2,676,542	2,199,544
	18,784	0	(18,784)	(18,784)	0	0
NET ASSETS, END OF YEAR	\$ 2,304,188	\$ 537,579	\$ 909,123	\$ 1,446,702	\$ 3,768,953	\$ 2,676,542

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	Civil Legal Services	Public Defender	General and Adminis- trative	Fund Raising	2011 Total	2010 Total
EXPENSES						
Salaries	\$ 4,150,280	\$ 298,068	\$ 542,419	\$ 117,578	\$ 5,108,345	\$ 5,452,047
Fringe Benefits	1,357,089	73,390	144,922	31,766	1,607,167	1,631,463
Occupancy	463,719	22,020	49,309	7,331	542,379	532,641
Office Expense	92,548	4,500	18,917	31,385	147,350	141,291
Telephone	118,377	1,379	4,874	2,446	127,076	121,547
Travel	107,851	1,420	12,406	4,680	126,357	120,060
Litigation	10,398	473	0	0	10,871	7,755
Training	55,759	973	10,077	2,660	69,469	59,139
Property Acquisition	0	0	0	0	0	1
Library	68,530	2,299	5,487	5,266	81,582	89,902
Dues and Fees	22,603	1,495	985	403	25,486	36,849
Insurance	16,764	0	19,075	0	35,839	35,613
Professional Services	100	0	71,984	81,769	153,853	118,498
Equipment Maintenance	21,867	0	153,844	11	175,722	171,655
Other	91,164	668	66,838	8,511	167,181	124,773
Depreciation Expense	44,973	0	39,113	0	84,086	89,074
Donated Space	1,471	0	0	0	1,471	0
Donated Services	528,456	0	0	0	528,456	433,078
TOTAL EXPENSES - 2011	\$ 7,151,949	\$ 406,685	\$ 1,140,250	\$ 293,806	\$ 8,992,690	
TOTAL EXPENSES - 2010	\$ 7,389,921	\$ 465,495	\$ 1,058,593	\$ 251,377		\$ 9,165,386

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
<u>Cash Flows From Operating Activities:</u>		
Change in Net Assets	\$ 1,092,411	\$ 476,998
Adjustments to Reconcile the Change in Net Assets to Cash		
Provided by (used for) Operating Activities:		
Depreciation	84,086	89,074
(Increase) Decrease in Receivables	23,311	122,944
(Increase) Decrease in Prepaid Expenses	(44,644)	28,073
Increase (Decrease) in Payables	7,749	1,810
Increase (Decrease) in Client Trust Liabilities	(1,750)	4,283
Increase (Decrease) in Accrued Payroll and Benefits	(69,408)	40,136
Increase (Decrease) in Deferred Revenue	(24,580)	80,724
Increase (Decrease) in Accrued Vacation	10,081	(3,110)
(Increase) Decrease in Endowment Fund	(2,427)	(1,054)
Unrealized Loss on Investment	6,546	0
	<u>1,081,375</u>	<u>839,878</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of Fixed Assets	(1,500)	0
Redemption of Investments	247,610	498,616
Purchase of Investments	(810,990)	(491,933)
	<u>(564,880)</u>	<u>6,683</u>
<u>Cash Flows From Financing Activities:</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Cash	516,495	846,561
Cash, Beginning of Year	<u>1,659,453</u>	<u>812,892</u>
CASH, END OF YEAR	<u>\$ 2,175,948</u>	<u>\$ 1,659,453</u>

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 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 grant and various other grants and contracts as may be awarded during the year. LASO also conducts fundraising activities that contribute approximately 6% to its total support.

Basis of Accounting - The financial statements are prepared in accordance with accounting principles generally accepted 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 organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows.

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 the organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

Contributions Received and Made - Contributions, including pledges are recognized as revenue or gain in the period received. A contribution is defined as "an unconditional transfer of cash or other assets." (See also Note 1 regarding donated services and Note 6 regarding contributions).

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 AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D

Legal Services Corporation Grant - LASO recognizes revenue from LSC grants on a straight-line basis over the grant period. Funds remaining unexpended at the end of an accounting period are recorded in net assets. The portion of net assets related to LSC funding is 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, 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 net assets are as shown below:

	<u>2011</u>	<u>2010</u>
Annualized Grants	\$ 5,015,203	\$ 5,231,463
Interest	194	1,938
Other	<u>16,409</u>	<u>6,860</u>
Total LSC Support	<u>\$ 5,031,806</u>	<u>\$ 5,240,261</u>
10% Allowed Retaining Without Need for a Waiver	<u>\$ 503,181</u>	<u>\$ 524,026</u>
Actual Net Assets End of Year	<u>\$ 488,701</u>	<u>\$ 474,112</u>

There were no excess net assets as of December 31, 2011 or December 31, 2010.

Other Grants - A portion of LASO's support is provided by cost reimbursable grants. Funds from these grants are recognized as support when eligible costs are incurred. 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.

Grants and Other Receivables - These receivables are deemed by management to be fully collectible. Therefore, the organization does not record an allowance for uncollectible receivables. See Note 6 related to allowance for uncollectible promises to give.

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.

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D

Property and Equipment – Cont'd - Property and equipment in excess of \$5,000 are carried 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 fixed assets are sold or retired, the cost of the asset and related accumulated depreciation are removed from the accounts and the resulting gains or losses are 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.

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.

Federal Income Taxes - The Internal Revenue Service has ruled that LASO is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code.

Cash and Cash Equivalents – For purposes of the statement of cash flow, cash and cash equivalents consist of demand deposits and U.S. Treasury funds maintained in a sweep account.

Investments – Investments consist of the following:

- 1) A certificate of deposit totaling \$247,342 with a term of twelve months and maturity date of June 13, 2012.
- 2) An agency reserve fund maintained at the Tulsa Community Foundation for the purpose of developing a program for the improvement and enhancement of legal services in Northwest Oklahoma and Oklahoma Panhandle. The fair market value at December 31, 2011 totaled \$801,425. The investment account activity for the year ended December 31, 2011 is as follows:

Market Value, Beginning of Year	\$ 0
Transfer to Fund	800,000
Investment Income/Realized Gain	7,971
Unrealized Loss	(6,546)
Market Value, End of Year	<u>\$ 801,425</u>

The agency reserve fund's net investment performance totaling \$1,425 is included in Miscellaneous Income in the accompanying financial statements.

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 2: CONCENTRATION OF CREDIT RISK

LASO maintains its cash balances and certificate of deposit at several different financial institutions insured by the Federal Deposit Insurance Corp. (FDIC). The U.S. Treasury funds maintained as a sweep account are not insured by the FDIC. The balance of the sweep account totaled at \$2,206,945 at year end. Bank balances of the demand deposits and the certificate of deposit at year-end are categorized as follows to give an indication of the level of risk assumed by LASO.

<u>Category</u>	<u>Balances Per Bank</u>
1) Insured or collateralized with securities held by the organization or by its agent in the organization's name.	\$ 308,898
2) Collateralized with securities held by the pledging financial institution's trust department.	0
3) Uncollateralized	<u>0</u>
TOTAL	<u>\$ 308,898</u>

NOTE 3: CLIENT DEPOSITS

LASO is the custodian of funds deposited by clients for court costs and other related expenses. Such amounts totaled \$9,275 and \$11,025 at December 31, 2011 and 2010 respectively, and are reflected in the accompanying statement of financial position.

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/11</u>
Land	\$ 6,500	\$ 0	\$ 0	\$ 6,500
Buildings and Improvements	230,471	1,500	0	231,971
Furniture	11,429	0	(1,429)	10,000
Equipment	317,675	0	(3,494)	314,181
Software	<u>56,896</u>	<u>0</u>	<u>0</u>	<u>56,896</u>
	<u>\$ 622,971</u>	<u>\$ 1,500</u>	<u>\$ (4,923)</u>	<u>\$ 619,548</u>
Accumulated Depreciation and Amortization	<u>\$ (300,888)</u>	<u>\$ (84,086)</u>	<u>\$ 4,923</u>	<u>\$ (380,051)</u>

Depreciation expense for the fiscal year totaled \$84,086. Current year additions represent cost of construction in progress for building renovations.

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 5: COMPENSATED ABSENCES

LASO provides annual leave benefits to its employees. Annual leave, within limits set by the organization's policy, which is unused and vested to the employee is payable upon termination. The liability for accrued leave at December 31, 2011, as reflected in the financial statements, is \$357,740.

NOTE 6: CONTRIBUTIONS

LASO recognizes unconditional promises to give as revenue when the pledge is received in writing from the donor. These pledges are from various individuals, foundations, and law firms. For the fiscal year ended December 31, 2011, the organization had pledges receivable of \$24,710. Management has established an allowance account equal to at least 6 % of the receivable balance. At December 31, 2011, the allowance for uncollectible pledges totaled \$2,686. Pledges are expected to be received as follows:

In one year or less	\$ 24,710
Between one year and five years	<u>0</u>
	24,710
Less Allowance for Uncollectible	<u>(2,686)</u>
	<u>\$ 22,024</u>

Unconditional promises to give are stated at full value, as the difference between full value and the present value of future expected cash flows would be immaterial to the financial statements.

NOTE 7: FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis at December 31, 2011 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments Held By Tulsa Community Foundation	\$ <u>801,425</u>	\$ <u>801,425</u>	\$ <u>0</u>	\$ <u>0</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 8: ENDOWMENT FUNDS

Oklahoma City Community Foundation, Inc. – Legal Aid Services of Oklahoma Endowment Fund

The Legal Aid Services of Oklahoma Endowment Fund (the Fund) is an established component fund of the Oklahoma City Community Foundation (the Foundation). The Foundation has legal ownership of the Fund and variance power over the Fund. LASO is the beneficiary of the Fund and receives distributions from the Fund subject to the Foundation's spending policy. The Fund consists of both funds contributed directly by LASO to the Foundation and receipts from third party donors made directly to the Foundation. Income generated from the Fund may be used for any purpose by LASO, unless the contributions to the fund are specifically restricted by the donor. Changes in the fair value of the asset represent increases or decreases in permanently restricted net assets in the year affected. The Fund has received total contributions (from all sources) of \$96,082 as of June 30, 2011 (the most recent report date), having a market value of \$96,851 as of June 30, 2011 (the most recent valuation date). Total distributions received amounts to \$4,071 for the year ended December 31, 2011.

The portion of the Fund established with donations from LASO for the benefit of LASO is considered a reciprocal transfer. Only the portion of the Fund which was established with funds from LASO is included as an asset (recorded at fair value) and as permanently restricted net assets in the accompanying financial statements. Current year activity for funds held by the Foundation on behalf of LASO consisted of the following at December 31, 2011.

Balance December 31, 2010	\$ 15,636
Investment Performance	3,335
Fees	(106)
Distribution	(802)
Balance December 31, 2011	<u>\$ 18,063</u>

The amount of investment performance, net of fees and distributions, is included in Miscellaneous Income in the accompanying financial statements.

The Foundation's distribution policy provides a structured method of making distributions from an endowment with the objectives of protecting the distribution stream from inflation, creating a predictable annual distribution amount and allowing the Investment Committee to focus on maximizing total investment return. The amount distributed to a beneficiary organization is 5 percent of the average market value of the fund, which is calculated on a rolling quarter average of the previous 12 quarters. This method serves to smooth out value fluctuations and provide a stable and predictable source of income.

The investment policy of the Oklahoma City Community Foundation is designed for an endowment fund to provide annual distributions for charitable purpose in perpetuity. The Trustees have adopted an investment policy that has four major objectives: capital preservation; inflation protection; continuing source of annual distribution for charitable purpose; and investment return in the top third of professionally managed funds.

The Foundation maintains a disciplined approach to long-term investment strategy while utilizing short-term tactical allocations to add value when there is opportunity. The Foundation remains committed to long-term diversification strategy with an allocation to high quality fixed-income assets even in times of booming equity investments.

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 8: ENDOWMENT FUNDS, CONTINUED

All Charitable Organization Endowments (COEs) are pooled with other Oklahoma City Community Foundation funds and invested by eight active managers, six for equities (stocks) and two in fixed income investments (bonds). Approximately 60 percent of the pooled investments are actively managed. As of June 30, 2011, the target percentage of the general pool invested in equities was 62.5 percent with 37.5 percent in fixed income investments and a 0 percent allocation in money market cash funds. This allocation decision is reviewed quarterly by the investment committee. Allocations to specific investment styles and managers are also reviewed quarterly. Investment portfolios and performance are reviewed quarterly by the Oklahoma City Community Foundation's investment committee and by its Investment Counsel, Hotchkiss Associates, LLC of Chicago.

Tulsa Community Foundation – Legal Aid Services of Oklahoma Endowment Fund

The Legal Aid Services of Oklahoma Endowment Fund (the Fund) is an established component fund of the Tulsa Community Foundation (the Foundation). The Foundation has legal ownership of the fund and variance power over the Fund. LASO is the beneficiary of the Fund and receives distributions from the Fund subject to the Foundation's spending policy. The Fund consists only of receipts from third party donors made directly to the Foundation. Income generated from the Fund may be used for any purpose by LASO, and, accordingly, represents an increase in unrestricted net assets of LASO when received. The Fund has a market value of \$69,310 as of December 31, 2011. Total distributions received amounted to \$3,314 for the year ended December 31, 2011.

NOTE 9: LEASES

LASO is obligated on lease agreements for equipment and office facilities which are classified as operating leases for accounting purposes. With the exception of the equipment lease and one facility lease, the leases contain cancellation clauses in the event funding is substantially decreased or terminated. Rent expense incurred for leases during 2011 and 2010 was \$611,164 and \$604,869 respectively. Future minimum lease payments of non-cancelable leases are as follows:

<u>December 31,</u>	
2012	\$ 146,056
2013	42,892
2014	3,779
2015	3,779
2016	<u>2,834</u>
	\$ <u>199,340</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 10: CONTINGENT LIABILITIES

LASO participates in a number of federal and state assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the *Single Audit Act amendments of 1996*, 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 insure 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.

NOTE 11: CONCENTRATIONS

LASO receives a substantial amount of its support from LSC, 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 the organization will receive in the next fiscal year.

At December 31, 2011, 36% of the employees of LASO were covered under a collective bargaining agreement.

NOTE 12: 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 \$198,147 for 2011.

NOTE 13: PRIVATE ATTORNEY INVOLVEMENT

For 2011, LASO was required to devote an amount equal to at least \$618,267 (12½ % of basic field grant of \$4,946,137) to the involvement of private attorneys. This requirement was met.

NOTE 14: SUBSEQUENT EVENTS

Date of Management Evaluation – Management of LASO has evaluated subsequent events through April 2, 2012, which is the date the financial statements were available to be issued.

NOTE 15: COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior year summarized comparative information in total but not by net assets 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, 2010 from which the summarized information was derived.

Saunders & Associates, PLLC

Certified Public Accountants

630 East 17th Street * P. O. Box 1406 * Ada, Oklahoma 74820 * (580) 332-8548 * FAX: (580) 332-2272
Website: www.saunderscpas.com

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

Board of Directors
Legal Aid Services of Oklahoma, Inc.
Oklahoma City, Oklahoma

We have audited the financial statements of Legal Aid Services of Oklahoma, Inc. as of and for the year ended December 31, 2011, and have issued our report thereon dated April 2, 2012. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Legal Aid Services of Oklahoma, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Legal Aid Services of Oklahoma, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Legal Aid Services of Oklahoma, Inc.'s internal control over financial reporting.

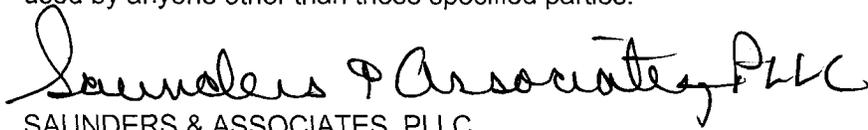
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Legal Aid Services of Oklahoma, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the board of directors, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Saunders & Associates, PLLC". The signature is written in a cursive, flowing style.

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

April 2, 2012

Saunders & Associates, PLLC

Certified Public Accountants

630 East 17th Street * P. O. Box 1406 * Ada, Oklahoma 74820 * (580) 332-8548 * FAX: (580) 332-2272
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Legal Aid Services of Oklahoma, Inc.
Oklahoma City, Oklahoma

Compliance

We have audited the compliance of Legal Aid Services of Oklahoma, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *LSC Audit Guide and Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. Legal Aid Services of Oklahoma, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Legal Aid Services of Oklahoma, Inc.'s management. Our responsibility is to express an opinion on Legal Aid Services of Oklahoma, Inc.'s compliance based on our audit.

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 of America; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and the *LSC Audit Guide and Compliance Supplement*. Those standards, *OMB Circular A-133*, and the *LSC Audit Guide and Compliance Supplement* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Legal Aid Services of Oklahoma, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Legal Aid Services of Oklahoma, Inc.'s compliance with those requirements.

In our opinion, Legal Aid Services of Oklahoma, Inc. complied, in all material respects, with the 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, 2011.

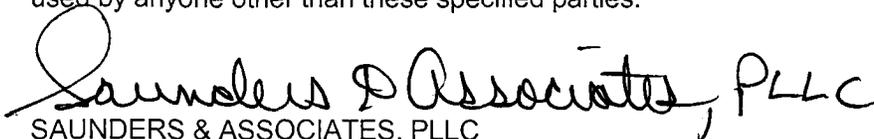
Internal Control Over Compliance

The management of Legal Aid Services of Oklahoma, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Legal Aid Services of Oklahoma, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and the *LSC Audit Guide and Compliance Supplement*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Legal Aid Services of Oklahoma, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected, and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.


SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

April 2, 2012

SUPPLEMENTAL INFORMATION

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Federal Support Recog- nized	Federal Program Expend- itures
<u>Grants:</u>				
<u>Department of Health and Human Services/ Passed Through State of Oklahoma Department of Human Services and Area Agencies on Aging:</u>				
Special Programs for the Aging - Title III Part B - Grants for Supportive Services and Senior Centers:				
Areawide Aging Agency	93.044	07/01/10 to 06/30/11	\$ 25,577	\$ 25,577
		07/01/11 to 06/30/12	26,425	26,425
Association of South Central Oklahoma Government	93.044	07/01/10 to 06/30/11	6,513	6,513
		07/01/11 to 06/30/12	9,425	9,425
Central Oklahoma Economic Development District	93.044	07/01/10 to 06/30/11	10,605	10,605
		07/01/11 to 06/30/12	12,486	12,486
Eastern Oklahoma Development District	93.044	07/01/10 to 06/30/11	17,955	17,955
		07/01/11 to 06/30/12	16,395	16,395
Grand Gateway Economic Development Association	93.044	07/01/10 to 06/30/11	25,480	25,480
		07/01/11 to 06/30/12	24,168	24,168
Kiamichi Economic Development District of Oklahoma	93.044	07/01/10 to 06/30/11	6,938	6,938
		07/01/11 to 06/30/12	7,168	7,168
Northern Oklahoma Development Association	93.044	07/01/10 to 06/30/11	11,572	11,572
		07/01/11 to 06/30/12	6,108	6,108

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Federal Support Recogn- ized</u>	<u>Federal Program Expend- itures</u>
Oklahoma Economic Development Association	93.044	07/01/10 to 06/30/11	8,417	8,417
		7/01/11 to 06/30/12	6,316	6,316
Southern Oklahoma Development Association	93.044	07/01/10 to 06/30/11	21,304	21,304
		07/01/11 to 06/30/12	22,159	22,159
Southwestern Oklahoma Development Authority	93.044	07/01/10 to 06/30/11	11,834	11,834
		07/01/11 to 06/30/12	10,682	10,682
Indian Nations Council of Governments	93.044	07/01/10 to 06/30/11	21,864	21,864
	93.044	07/01/11 to 06/30/12	23,118	23,118
National Family Caregiver Support: Association of South Central Oklahoma Government	93.052	07/01/10 to 06/30/11	0	0
		07/01/11 to 06/30/12	0	0
<u>Legal Services Corporation:</u>				
Basic Field Grant	09.737066	01/01/11 to 12/31/11	4,946,137	4,931,548
Migrant Component	09.737066	01/01/11 to 12/31/11	69,066	69,066
Technology Grant 06460	09.06460	01/01/11 to 12/31/11	4,500	0
<u>U. S. Department of Housing and Urban Development</u>				
Homeless Legal Assistance Program	14.235	06/01/10 to 05/31/11	57,965	57,965
Homeless Legal Assistance Program	14.235	06/01/11 to 05/31/12	70,306	70,306

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Federal Support Recog- nized</u>	<u>Federal Program Expend- itures</u>
<u>Passed through City of Oklahoma City</u>				
ARRA Homeless Prevention and Rapid Re-Housing Program	14.257	10/01/09 to 09/30/12	34,853	34,853
<u>Corporation for National and Community Service:</u>				
<u>Passed Through Oklahoma Community Service Commission</u>				
Americorps	94.006	09/01/11 to 8/31/2012	<u>10,925</u>	<u>10,925</u>
TOTAL FEDERAL AWARDS			<u>\$ 5,526,261</u>	<u>\$ 5,507,172</u>

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended December 31, 2011

State Grantor/Pass-Through Grantor/ Program Title	Grant Period	Support Recog- nized	Program Expend- itures
<u>Grants:</u>			
<u>Oklahoma Department of Human Services/ Passed Through Area Agencies on Aging:</u>			
Special Programs for the Aging - Title III			
Part B - Grants for Supportive Services and Senior Centers:			
Areawide Aging Agency	07/01/10 to 06/30/11	\$ 4,513	\$ 4,513
	07/01/11 to 06/30/12	4,628	4,628
Association of South Central Oklahoma Government	07/01/10 to 06/30/11	1,430	1,430
	07/01/11 to 06/30/12	2,119	2,119
Central Oklahoma Economic Development District	07/01/10 to 06/30/11	624	624
	07/01/11 to 06/30/12	731	731
Eastern Oklahoma Developemnt District	07/01/10 to 06/30/11	2,897	2,897
	07/01/11 to 06/30/12	2,565	2,565
Grand Gateway Economic Development Association	07/01/10 to 06/30/11	4,496	4,496
	07/01/11 to 06/30/12	4,265	4,265
Kiamichi Economic Development District of Oklahoma	07/01/10 to 06/30/11	1,627	1,627
	07/01/11 to 06/30/12	1,681	1,681
Northern Oklahoma Development District	07/01/10 to 06/30/11	2,264	2,264
	07/01/11 to 06/30/12	5,306	5,306
Oklahoma Economic Development Association	07/01/10 to 06/30/11	2,809	2,809
	07/01/11 to 06/30/12	2,111	2,111

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended December 31, 2011

State Grantor/Pass-Through Grantor/ Program Title	Grant Period	Support Recog- nized	Program Expend- itures
Southern Oklahoma Development Association	07/01/10 to 06/30/11	3,759	3,759
	7/01/11 to 06/30/12	3,372	3,372
Southwestern Oklahoma Development Authority	07/01/10 to 06/30/11	2,200	2,200
	07/01/11 to 06/30/12	2,470	2,470
Indian Nations Council of Governments	7/01/10 to 06/30/11	4,413	4,413
	07/01/11 to 06/30/12	4,695	4,695
National Family Caregiver Support: Association of South Central Oklahoma Government	07/01/10 to 06/30/11	4,103	4,103
	07/01/11 to 06/30/12	3,321	3,321
<u>Oklahoma Attorney General's Office</u> Civil Family Law Legal Services for Indigent Persons	07/01/10 to 06/30/11	424,857	424,857
	07/01/11 to 06/30/12	412,103	412,103
TOTAL STATE AWARDS		\$ 909,359	\$ 909,359

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2011

NOTE 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Legal Aid Services of Oklahoma, Inc., under programs of the federal and state government for the year ended December 31, 2011. The information in the schedule of expenditures of federal awards is presented in accordance with the requirement of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedules present only a selected portion of the operations of Legal Aid Services of Oklahoma, Inc., they are not intended to and do not present the financial position, changes in net assets or cash flows.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained on OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: CONTINGENT LIABILITIES

LASO participates in a number of federal and state assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the *Single Audit Act amendments of 1996*, 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 insure 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.

NOTE 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.

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

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

For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	LSC Basic Non Private Attorney	LSC Migrant Grant	LSC Basic Private Attorney	LSC Other Grants	LSC Property	Total LSC Grants
SUPPORT AND REVENUE						
Government Grant Revenue	\$ 4,421,454	\$ 69,066	\$ 524,683	\$ 0	\$ 0	\$ 5,015,203
Private Grant Revenue	0	0	0	0	0	0
Contract Revenue	0	0	0	4,500	0	4,500
United Way	0	0	0	0	0	0
Contributions	0	0	0	0	0	0
Miscellaneous Income	16,409	0	0	0	0	16,409
Interest Income	194	0	0	0	0	194
Donated Space	0	0	0	0	0	0
Donated Services	0	0	0	0	0	0
Total Support and Revenue	<u>4,438,057</u>	<u>69,066</u>	<u>524,683</u>	<u>4,500</u>	<u>0</u>	<u>5,036,306</u>
EXPENSES						
Salaries	2,829,202	45,137	231,571	0	0	3,105,910
Fringe Benefits	934,000	11,245	78,628	0	0	1,023,873
Occupancy	380,861	4,178	24,668	0	0	409,707
Office Expense	88,093	0	4,254	0	0	92,347
Telephone	92,424	0	4,273	0	0	96,697
Travel	70,986	0	4,341	0	0	75,327
Litigation	5,182	0	195	0	0	5,377
Training	25,027	0	38,632	0	0	63,659
Property Acquisition	0	0	0	0	0	0
Library	58,383	0	4,384	0	0	62,767
Dues and Fees	16,494	0	0	0	0	16,494
Insurance	35,839	0	0	0	0	35,839
Professional Services	70,690	0	0	0	0	70,690
Equipment Maintenance	171,996	0	734	0	0	172,730
Other	128,640	0	1,806	0	0	130,446
Depreciation Expense	0	0	0	0	9,440	9,440
Donated Space	0	0	0	0	0	0
Donated Services	0	0	0	0	0	0
Litigation Service Support	(207,822)	8,506	62,252	0	0	(137,064)
Administrative Support	(278,027)	0	68,945	0	0	(209,082)
Total Expenses	<u>4,421,968</u>	<u>69,066</u>	<u>524,683</u>	<u>0</u>	<u>9,440</u>	<u>5,025,157</u>
Change in Net Assets	16,089	0	0	4,500	(9,440)	11,149
Transfers	(1,500)	0	0	0	1,500	0
Net Assets - Beginning of Year	<u>474,112</u>	<u>0</u>	<u>0</u>	<u>(4,500)</u>	<u>56,818</u>	<u>526,430</u>
NET ASSETS - END OF YEAR	<u>\$ 488,701</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48,878</u>	<u>\$ 537,579</u>

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

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

For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	Non-LSC Private Attorney	Non-LSC Non Private Attorney	2011 Total	2010 Total
<u>SUPPORT AND REVENUE</u>				
Government Grant Revenue	\$ 122,694	\$ 500,345	\$ 5,638,242	\$ 6,047,303
Private Grant Revenue	0	296,563	296,563	313,882
Contract Revenue	0	1,462,084	1,466,584	1,599,019
United Way	0	495,495	495,495	508,298
Contributions	0	1,634,821	1,634,821	724,804
Miscellaneous Income	0	3,852	20,261	7,181
Interest Income	0	3,014	3,208	8,819
Donated Space	0	1,471	1,471	0
Donated Services	0	528,456	528,456	433,078
Total Support and Revenue	<u>122,694</u>	<u>4,926,101</u>	<u>10,085,101</u>	<u>9,642,384</u>
<u>EXPENSES</u>				
Salaries	72,507	1,929,928	5,108,345	5,452,047
Fringe Benefits	15,580	567,714	1,607,167	1,631,463
Occupancy	7,313	125,359	542,379	532,641
Office Expense	963	54,040	147,350	141,291
Telephone	1,485	28,894	127,076	121,547
Travel	526	50,504	126,357	120,060
Litigation	1	5,493	10,871	7,755
Training	2,152	3,658	69,469	59,139
Property Acquisition	0	0	0	1
Library	236	18,579	81,582	89,902
Dues and Fees	5,274	3,718	25,486	36,849
Insurance	0	0	35,839	35,613
Professional Services	0	83,163	153,853	118,498
Equipment Maintenance	44	2,948	175,722	171,655
Other	3,603	33,132	167,181	124,773
Depreciation Expense	0	74,646	84,086	89,074
Donated Space	0	1,471	1,471	0
Donated Services	0	528,456	528,456	433,078
Litigation Service Support	3,521	133,543	0	0
Administrative Support	9,489	199,593	0	0
Total Expenses	<u>122,694</u>	<u>3,844,839</u>	<u>8,992,690</u>	<u>9,165,386</u>
Change in Net Assets	0	1,081,262	1,092,411	476,998
Transfers	0	0	0	0
Net Assets - Beginning of Year	<u>0</u>	<u>2,150,112</u>	<u>2,676,542</u>	<u>2,199,544</u>
NET ASSETS - END OF YEAR	<u>\$ 0</u>	<u>\$ 3,231,374</u>	<u>\$ 3,768,953</u>	<u>\$ 2,676,542</u>

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

STATUS OF PRIOR AUDIT FINDINGS

December 31, 2011

Section II – Financial Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

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

LEGAL AID SERVICES OF OKLAHOMA, INC.
Oklahoma City, Oklahoma

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2011

Section I - Summary of Auditor's Results:

Financial Statements:

Type of Auditor's Report issued: Unqualified.

Internal Control Over Financial Reporting:

Material weakness(es) identified? Yes No

Significant deficiency (ies) identified not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant deficiency (ies) identified not considered to be material weaknesses? Yes None reported

Type of Auditor's Report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

CFDA NUMBER

NAME OF FEDERAL PROGRAM OR CLUSTER

09.737066
93.044

Legal Services Corporation Grant
Title IIIB

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

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