



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Ohio Legal Help

Financial Statements

June 30, 2022 and 2021

(with Independent Auditors' Report)

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses.....	5-6
Statements of Cash Flows	7
Notes to the Financial Statements	8-11

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ohio Legal Help
Columbus, Ohio

Opinion

We have audited the accompanying financial statements of Ohio Legal Help (a not-for-profit organization), the "Organization", which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio Legal Help as of June 30, 2022 and 2021, and the results of its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ohio Legal Help and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Ohio Legal Help's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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, including omissions, 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, 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 Ohio Legal Help'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 Ohio Legal Help'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.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
March 20, 2023

Ohio Legal Help
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 104,964	295,867
Current portion of contributions receivable	50,000	114,181
Prepaid expenses	<u>10,135</u>	<u>15,286</u>
	<u>165,099</u>	<u>425,334</u>
Property and equipment:		
Software	254,430	155,823
Less: accumulated depreciation	<u>65,995</u>	<u>35,117</u>
	<u>188,435</u>	<u>120,706</u>
Other assets -		
Contributions receivable, less current portion	<u>-</u>	<u>50,000</u>
	\$ <u><u>353,534</u></u>	<u><u>596,040</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accrued liabilities	\$ 25,281	33,128
Other liabilities:		
Paycheck Protection Program loan	<u>-</u>	<u>53,541</u>
	<u>25,281</u>	<u>86,669</u>
Net assets:		
Without donor restrictions	203,609	136,871
With donor restrictions	<u>124,644</u>	<u>372,500</u>
	<u>328,253</u>	<u>509,371</u>
	\$ <u><u>353,534</u></u>	<u><u>596,040</u></u>

See accompanying notes to the financial statements.

Ohio Legal Help
Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Grants	\$ 405,694	50,000	455,694	250,022	486,990	737,012
Contributions	1,810	-	1,810	9,659	-	9,659
In-kind	61,461	-	61,461	116,377	-	116,377
Interest income	8	-	8	10	-	10
Other income	54,441	-	54,441	53,196	-	53,196
Net assets released from restrictions	<u>297,856</u>	<u>(297,856)</u>	<u>-</u>	<u>114,490</u>	<u>(114,490)</u>	<u>-</u>
	<u>821,270</u>	<u>(247,856)</u>	<u>573,414</u>	<u>543,754</u>	<u>372,500</u>	<u>916,254</u>
Expenses:						
Program services	666,783	-	666,783	527,757	-	527,757
Management and general	63,437	-	63,437	60,369	-	60,369
Fundraising	<u>24,312</u>	<u>-</u>	<u>24,312</u>	<u>27,282</u>	<u>-</u>	<u>27,282</u>
	<u>754,532</u>	<u>-</u>	<u>754,532</u>	<u>615,408</u>	<u>-</u>	<u>615,408</u>
Change in net assets	66,738	(247,856)	(181,118)	(71,654)	372,500	300,846
Net assets - beginning of year	<u>136,871</u>	<u>372,500</u>	<u>509,371</u>	<u>208,525</u>	<u>-</u>	<u>208,525</u>
Net assets - end of year	<u>\$ 203,609</u>	<u>124,644</u>	<u>328,253</u>	<u>136,871</u>	<u>372,500</u>	<u>509,371</u>

See accompanying notes to the financial statements.

Ohio Legal Help
Statement of Functional Expenses
Year Ended June 30, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
In-kind	\$ 36,009	-	-	36,009
Depreciation	30,878	-	-	30,878
Advertising and promotion	2,257	-	251	2,508
Bank service charges	-	45	-	45
Dues and subscriptions	-	388	-	388
Insurance	-	1,780	-	1,780
Professional fees	-	16,498	-	16,498
Maintenance and software	2,956	788	197	3,941
Office supplies	1,411	376	94	1,881
Phone and internet	924	-	-	924
Postage and delivery	294	78	20	392
Printing and copying	399	22	22	443
Training and conferences	1,432	84	168	1,684
Website	70,355	-	-	70,355
Salaries and benefits	516,447	43,037	23,312	582,796
Travel and meals	3,290	327	242	3,859
Workers compensation	131	14	6	151
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	\$ <u>666,783</u>	<u>63,437</u>	<u>24,312</u>	<u>754,532</u>

See accompanying notes to the financial statements.

Ohio Legal Help
Statement of Functional Expenses
Year Ended June 30, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
In-kind	\$ 65,517	1,400	560	67,477
Depreciation	21,378	-	-	21,378
Advertising and promotion	1,821	-	202	2,023
Bank service charges	-	33	-	33
Dues and subscriptions	143	143	-	286
Insurance	-	1,468	-	1,468
Professional fees	-	15,247	-	15,247
Maintenance and software	4,522	1,206	301	6,029
Office supplies	2,763	737	184	3,684
Phone and internet	882	106	26	1,014
Postage and delivery	184	49	12	245
Printing and copying	389	22	22	433
Training and conferences	195	11	23	229
Website	63,353	-	-	63,353
Salaries and benefits	365,651	39,854	25,883	431,388
Travel and meals	833	78	60	971
Workers compensation	126	15	9	150
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	\$ <u>527,757</u>	<u>60,369</u>	<u>27,282</u>	<u>615,408</u>

See accompanying notes to the financial statements.

Ohio Legal Help
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (181,118)	300,846
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	30,878	21,378
Paycheck Protection Program loan forgiveness	(53,541)	(53,196)
Contributed website development	(39,633)	(65,694)
Effects of changes in operating assets and liabilities:		
Contributions receivable	114,181	(136,012)
Prepaid expenses	5,151	(2,146)
Accrued liabilities	<u>(7,847)</u>	<u>12,592</u>
Net cash flows from operating activities	(131,929)	77,768
Cash flows from investing activities:		
Purchases of software and equipment	(58,974)	(7,695)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Plan loan	<u>-</u>	<u>53,541</u>
Net change in cash and cash equivalents	(190,903)	123,614
Cash and cash equivalents - beginning of year	<u>295,867</u>	<u>172,253</u>
Cash and cash equivalents - end of year	\$ <u><u>104,964</u></u>	<u><u>295,867</u></u>

Supplemental Disclosure of Cash Flows Information

Non-cash investing and financing activities:		
Paycheck Protection Program loan forgiveness	\$ <u>53,541</u>	<u>53,196</u>
In-kind software development costs capitalized	\$ <u>39,633</u>	<u>65,694</u>

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of Ohio Legal Help, the Organization, are set forth to facilitate the understanding of data presented in the financial statements:

Nature of operations

The Organization is a not-for-profit that leverages technology and innovation to improve justice and fairness for all Ohioans. The Organization is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. The Organization was founded in May 2018 with operations beginning in September 2019.

New accounting standard

During 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit (NFP) Entities for Contributed Nonfinancial Assets*. The standard required new presentation and disclosures for gifts in-kind. The presentation of the Organization's financial statements has been changed as a result of the standard.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Basis of presentation

The financial statements of the Organization have been prepared in accordance with U.S. GAAP, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any net assets required to be maintained in perpetuity.

Cash and cash equivalents

The Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Contributions receivable

Contributions receivable are recognized as revenues in the period received and as assets, decreases of liabilities, or in-kind expenses depending on the form of the benefits received. Conditional contributions are recognized when the conditions on which they depend are met. Allowances are provided for amounts estimated to be uncollectible, based on management's analysis of specific outstanding contributions. There is no allowance as of June 30, 2022 or 2021.

Property and equipment

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, which is five years.

Revenue and support

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until such time that the restrictions expire (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Donated assets and services

Non-cash donations are recorded as contributions at their fair values at the date of donation. The Organization does not imply a time restriction on gifts of long-lived assets. Donated services are recognized as contributions in the accompanying statements of activities, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional expense allocations

The statement of functional expenses reports expenses into programs, management and general and fundraising classifications. Expenses that are directly related to a specific functional classification are charged directly to the related functional category. Certain costs have been allocated among functional expenses based on an analysis of personnel time and other estimates.

Subsequent events

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through March 20, 2023, the date the financial statements were available to be issued.

2. PAYCHECK PROTECTION PROGRAM LOAN:

The Organization received a Paycheck Protection Program (PPP) loan as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act for \$53,196 in May 2020. The Organization applied for full forgiveness of the PPP loan and received approval of the forgiveness in the entire amount of the PPP loan in March 2021 from the bank and Small Business Administration (SBA). The related revenue from the forgiveness is included on the statement of activities for the year ended June 30, 2021.

The Organization received a second PPP loan as part of the CARES Act for \$53,541 in March 2021. The Organization has elected to present the PPP loan as of and for the year ended June 30, 2021 as traditional borrowing on the statement of financial position and statement of cash flows. The Organization applied for full forgiveness of the PPP loan and received approval of the forgiveness in the entire amount of the PPP loan in September 2021 from the bank and Small Business Administration (SBA). The related revenue from the forgiveness is included on the statement of activities for the year ended June 30, 2022.

3. OPERATING LEASE:

The Organization entered into a lease agreement on July 1, 2019 with one of the Organization's grantors to lease a portion of their office space through June 2030, unless terminated early by mutual agreement. During the first three years, the grantor provided the Organization with an in-kind contribution for the rent. The contributed rent to the Organization is \$41,965; this amount was reported as an in-kind contribution for the full amount during the year ended June 30, 2020, and a contribution receivable that is being amortized over the three-year period ending June 30, 2022. The remaining term of the lease contains a conditional contribution of rent from the grantor, should the Organization's income fall below a specified dollar amount.

4. EMPLOYEE BENEFIT PLAN:

The Organization has established a 401(k) profit-sharing plan (the Plan). The Plan allows employees who meet certain age and hour requirements to make elective contributions. The Organization makes a safe harbor contribution of three percent of each employee's salary and contributes a discretionary profit-sharing contribution. During the years ended June 30, 2022 and 2021, the Organization made contributions to the Plan amounting to \$14,654 and \$15,605, respectively.

5. CONCENTRATIONS:

The Organization maintains cash deposits with financial institutions located in Ohio. At times, these accounts may exceed federally insured limits. During the years ended June 30, 2022 and 2021, the Organization did not experience any losses resulting from these excess balances and believes it is not exposed to any significant credit risk with its cash on deposit.

In 2022 and 2021, the Organization received approximately 65% and 75%, respectively, of its revenue and support from three organizations.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Continuous Improvement & Spanish Translation	\$ 19,686	100,000
ChatBot and LiveChat Pilot	50,000	-
Immigration	4,958	85,000
Racial Justice	-	37,500
Future Virtual Self-Help Center	<u>50,000</u>	<u>150,000</u>
	<u>\$ 124,644</u>	<u>372,500</u>

7. CONTRIBUTED NON-FINANCIAL ASSETS:

The Organization receives and records contributions of donated professional services as support in the accompanying financial statements.

The donated services were as follows for the year ended June 30:

	<u>Revenue Recognized</u> <u>2022</u>	<u>2021</u>	<u>Utilization</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
\$	45,198	26,948	Website	Website build-out	Valued at the fair value of services as provided by the provider.
	16,263	89,430	Public Relations	No associated donor restrictions	Valued at the fair value of services as provided by the provider.
\$	<u>61,461</u>	<u>116,378</u>			

8. LIQUIDITY:

The Organization's support consists primarily of contributions and grants. The Organization must maintain sufficient resources to meet those responsibilities to its donors and grantors. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table presents financial assets available to meet cash needs for general expenditures within one year at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 104,964	295,867
Contribution receivables, net	<u>50,000</u>	<u>164,181</u>
Financial assets available at year-end	154,964	460,048
Less those unavailable for general expenditures within one year due to -		
Restricted by donor with time or purpose restriction	<u>124,644</u>	<u>372,500</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>30,320</u></u>	<u><u>87,548</u></u>

