
THURSTON COUNTY VOLUNTEER LEGAL SERVICES
A Washington Not For Profit Organization

Financial Statements

For the Years Ended December 31, 2020 and 2019

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To the Board of Directors of:
Thurston County Volunteer Legal Services
Olympia, WA 98501

We have reviewed the accompanying financial statements of Thurston County Volunteer Legal Services (The Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management of The Organization 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Aiken & Sanders

Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

November 12, 2021

Thurston County Volunteer Legal Services

A Washington Not For Profit Organization

Statement of Financial Position
As of December 31, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and cash equivalents	\$ 169,626	\$ 97,197
Grants and contributions receivable	<u>20,121</u>	<u>294</u>
Total Current Assets	<u>189,747</u>	<u>97,491</u>
Other Assets:		
Investments	<u>49,866</u>	<u>49,281</u>
Total Other Assets	<u>49,866</u>	<u>49,281</u>
Total Assets	<u>\$ 239,613</u>	<u>\$ 146,772</u>

Liabilities and Net Assets

Current Liabilities:		
Accounts payable	\$ 199	\$ 425
Accrued payroll taxes	<u>5,650</u>	<u>3,644</u>
Total Current Liabilities	<u>5,849</u>	<u>4,069</u>
Net Assets:		
Without donor restrictions	183,457	123,306
With donor restrictions	<u>50,307</u>	<u>19,397</u>
Total Net Assets	<u>233,764</u>	<u>142,703</u>
Total Liabilities & Net Assets	<u>\$ 239,613</u>	<u>\$ 146,772</u>

See accompanying notes and independent accountant's review report

Thurston County Volunteer Legal Services
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Statement of Activities and Changes in Net Assets
For the Years Ended December 31, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	Without Donor Restrictions	With Donor Restrictions	2019 Total
Support and Revenues:						
Contributions	\$ 59,583	\$ 31,423	\$ 91,006	\$ 21,395	\$ -	\$ 21,395
Grant revenue	200,162	-	200,162	167,145	-	167,145
Inkind legal services	337,500	-	337,500	801,800	-	801,800
Fundraising revenue	31,531	-	31,531	42,342	-	42,342
Miscellaneous revenue	46,922	-	46,922	21,649	-	21,649
Investment income	768	-	768	733	-	733
Net assets released from restriction	513	(513)	-	1,451	(1,451)	-
Total Support and Revenue	676,979	30,910	707,889	1,056,515	(1,451)	1,055,064
Expenses:						
Program services	495,499	-	495,499	936,838	-	936,838
Management and general	97,787	-	97,787	82,438	-	82,438
Fundraising	23,542	-	23,542	25,090	-	25,090
Total Expenses	616,828	-	616,828	1,044,366	-	1,044,366
Change in Net Assets	60,151	30,910	91,061	12,149	(1,451)	10,698
Net Assets, Beginning of Year	123,306	19,397	142,703	111,157	20,848	132,005
Net Assets, End of Year	\$ 183,457	\$ 50,307	\$ 233,764	\$ 123,306	\$ 19,397	\$ 142,703

See accompanying notes and independent accountant's review report

Thurston County Volunteer Legal Services
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Statement of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash received from grantors, donors and customers	\$ 349,205	\$ 258,666
Cash paid to vendors and suppliers	(47,309)	(49,797)
Cash paid to and on behalf of employees	(229,650)	(192,618)
Cash received from investments	768	733
Net cash provided (used) by operating activities	73,014	16,984
Cash flows from investing activities:		
Cash paid for investments	(585)	(554)
Net cash provided (used) by investing activities	(585)	(554)
Cash flows from financing activities:		
Net cash provided (used) by financing activities	-	-
Net increase (decrease) in cash & cash equivalents	72,429	16,430
Cash & cash equivalents at beginning of year	97,197	80,767
Cash & cash equivalents at end of year	\$ 169,626	\$ 97,197
 Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets:	\$ 91,061	\$ 10,698
Adjustments:		
Changes in assets and liabilities:		
(Increase) decrease in receivable	(19,827)	6,135
Increase (decrease) in accounts payable	(226)	425
Increase (decrease) in accrued payroll taxes	2,006	(274)
Net cash provided (used) by operating activities	\$ 73,014	\$ 16,984

See accompanying notes and independent accountant's review report

Thurston County Volunteer Legal Services

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Notes to the Financial Statements

Years Ended December 31, 2020 and 2019

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Thurston County Volunteer Legal Services, (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity.

Nature of Activity

The Organization was incorporated in Washington State in September of 1995 as a not-for-profit corporation.

The Organization's mission is to provide legal services at reduced or no cost to economically disadvantaged residents of Thurston, Mason, Grays Harbor, and Pacific Counties in Washington State.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. Related accounts receivable and accounts payable are recorded at that time.

Basis of Presentation

The Organization follows accounting prescribed by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for Profit Entities. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions, and without donor restrictions.

With Donor Restrictions: Net assets that result from contributions whose use by the Organization is restricted by donor imposed stipulations that may expire with the passage of time or can be fulfilled or otherwise removed by actions of the Organization.

Without Donor Restrictions: Net assets that are not restricted by donor stipulation.

Contributions

Contributions are recognized when received or when a donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the pledge is received. Long term pledges (collection expected in greater than one year) are discounted to the net present value of future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

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Notes to the Financial Statements

Years Ended December 31, 2020 and 2019

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Income Tax

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Accordingly, the financial statements do not include any provision for taxes.

The Organization files income tax returns in the US federal jurisdiction. The Organization is no longer subject to US federal income tax examinations by tax authorities for years before 2017. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of December 31, 2020, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

Use of Estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. COVID-19 has required the Organization to make adjustments to operating practice and delivery of services. The Organization has continued to provide services and implemented innovative solutions to support those served and Organization employees. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and general population

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure as of November 12, 2021, which is the date the financial statements were available to be issued.

Functional Expenses

The Organization records its expenses by function. Program expenses represent expenses incurred to fulfill the Organization's exempt purposes. Management and general expenses support that exempt purpose while fundraising expenses are incurred to raise resources to carry out program activities. Expenses are recorded, when appropriate, to the function receiving direct benefit. When expenses benefit more than one function, an allocation is made based on relative benefits provided to each function.

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Notes to the Financial Statements
Years Ended December 31, 2020 and 2019

Concentrations

The Organization receives the majority of its support from the Legal Foundation of Washington. A reduction in or loss of this support would have a significant impact on the Organization's activities and operations.

NOTE B: FAIR VALUE MEASUREMENTS

The Organization follows the Fair Value Measurements, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
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If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020:

Certificates of Deposit: Valued at original investment plus earned interest at year end.

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Years Ended December 31, 2020 and 2019

Assets at fair value at December 31, 2020:

	Level 1	Level 2	Level 3	2020 Total
Certificates of Deposit	\$ <u>49,866</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>49,866</u>
Total Assets at Fair Value	\$ <u>49,866</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>49,866</u>

Assets at fair value at December 31, 2019:

	Level 1	Level 2	Level 3	2019 Total
Certificates of Deposit	\$ <u>49,281</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>49,281</u>
Total Assets at Fair Value	\$ <u>49,281</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>49,281</u>

NOTE C: INVESTMENTS

As of December 31, 2020 and 2019, the investments had the following cost basis:

	2020	2019
Certificates of Deposit	\$ <u>49,866</u>	\$ <u>49,281</u>
Total	\$ <u>49,866</u>	\$ <u>49,281</u>

For the years ending December 31, 2020 and 2019, investment income was composed of the following:

	2020	2019
Interest	\$ <u>768</u>	\$ <u>733</u>
Total	\$ <u>768</u>	\$ <u>733</u>

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Years Ended December 31, 2020 and 2019

NOTE D: IN-KIND DONATIONS

Donated services are recognized if the services (a) create or enhance non- financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not contributed. The Organization provides free and reduced cost legal services through a network of volunteer attorneys. These donated services are recorded as in-kind revenue and expense in the accompanying financial statements.

In 2020, the Organization provided pro-bono legal services valued at \$337,500.

In 2019, the Organization provided pro-bono legal services valued at \$801,800.

The organization also received an additional \$3,100 and \$42,550 in donated services during 2020 and 2019, respectively, from non-attorney volunteers. These amounts are not included in the accompanying financial statements as they not meet the criteria for recording.

NOTE E: DEFERRED REVENUE

Deferred revenue is recorded to the extent that grant receipts exceed amounts spent for a specific program's purpose. As additional program expenses are incurred, deferred revenue is reduced and grant revenue is recognized in the financial records. Deferred revenue was \$0 and \$0 at December 31, 2020 and 2019, respectively.

NOTE F: LEASE ARRANGEMENTS

The Organization leases office in Olympia, WA, and space to conduct legal clinics at various locations in the counties it serves. All lease arrangements are currently on a month to month basis. Lease expense was \$10,756 and \$9,619 for the years ended December 31, 2020 and 2019, respectively.

NOTE G: NET ASSETS WITH DONOR RESTRICTIONS

The Organization receives, at times, contributions restricted either to purpose or to the passage of time. Contributions with restrictions extending to periods beyond the year in which the contributions are received are classified as with donor restrictions in the financial statements. These assets are released from restriction as the restricted purpose is completed or as time passes. A total of \$513 and \$1,451, respectively, of net assets were released from restriction during the years ended December 31, 2020 and 2019.

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Notes to the Financial Statements
Years Ended December 31, 2020 and 2019

NOTE H: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization, although it expects to receive current support to fund operations for 2021 and later years, has \$189,306 and \$127,375 of financial assets available within one year of the statement of financial position dates on December 31, 2020 and 2019, respectively, to meet cash needs for general operating expenditures of the Organization. Financial assets available within one year consist of the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year end	\$ 239,613	\$ 146,772
Donor restricted to purpose	<u>(50,307)</u>	<u>(19,397)</u>
Financial assets available to meet cash needs within one year	\$ <u>189,306</u>	\$ <u>127,375</u>