

Legal Aid of NorthWest Texas

Financial Report
December 31, 2022



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Independent Auditor's Report

To the Board of Directors of
Legal Aid of NorthWest Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Legal Aid of NorthWest Texas (LANWT) (a non-profit organization) which comprise the Statements of Financial Position as of December 31, 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 accompanying financial statements present fairly, in all material respects, the financial position of Legal Aid of NorthWest Texas as of December 31, 2022 and 2021, and the changes in 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Legal Aid of NorthWest Texas 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, LANWT adopted Accounting Standards Update (ASU) 2016-02, Leases, and related amendments ("Topic 842") effective January 1, 2022. Our opinion is not modified with respect to this matter.

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 Legal Aid of NorthWest Texas' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 auditor's 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 GAAS and *Government 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 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 GAAS and *Government 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 Legal Aid of NorthWest Texas' 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 Legal Aid of NorthWest Texas' 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.

The Board of Directors of
Legal Aid of NorthWest Texas

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards are presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Texas Grant Management Standards, which include the State of Texas Single Audit Circular (TxGMS), and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023 on our consideration of Legal Aid of NorthWest Texas' 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 solely 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 effectiveness of Legal Aid of NorthWest Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Legal Aid of NorthWest Texas' internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
April 28, 2023

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Financial Statements

Legal Aid of NorthWest Texas

Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (see Note 4)	\$ 8,887,562	\$ 12,049,661
Escrow funds - client deposits	32,086	8,971
Due from grantors	1,395,152	1,051,753
Accounts receivable	1,173	19,271
Contributions receivable	-	120,000
Prepaid expenses	370,117	340,826
	<hr/>	<hr/>
Total current assets	10,686,090	13,590,482
 NONCURRENT ASSETS		
Equipment, software and furniture	535,472	792,404
Accumulated depreciation	(427,966)	(636,758)
	<hr/>	<hr/>
Equipment, software and furniture, net	107,506	155,646
 Buildings	6,273,238	6,273,238
Accumulated depreciation	(3,984,647)	(3,837,201)
	<hr/>	<hr/>
Buildings, net	2,288,591	2,436,037
 Land	474,875	474,875
	<hr/>	<hr/>
Total property and equipment	2,870,972	3,066,558
 Financing lease right-of-use assets	13,185	-
Operating lease right-of-use assets	2,001,824	-
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Total noncurrent assets	4,885,981	3,066,558
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 15,572,071</u>	<u>\$ 16,657,040</u>

The Notes to Financial Statements are an integral part of these statements.

LIABILITIES AND NET ASSETS	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 882,919	\$ 960,792
Escrow funds - client deposits	32,086	8,971
Refundable advances (see Note 4)	7,669,242	10,594,103
Note payable - current portion	158,054	152,213
Financing lease liabilities - current portion	3,861	-
Operating lease liabilities - current portion	814,734	-
	<hr/>	<hr/>
Total current liabilities	9,560,896	11,716,079
LONG-TERM LIABILITIES		
Note payable - long-term portion	1,083,990	1,242,043
Financing lease liabilities - long-term portion	9,392	-
Operating lease liabilities - long-term portion	1,197,511	-
	<hr/>	<hr/>
Total long-term liabilities	2,290,893	1,242,043
NET ASSETS		
Without donor restrictions		
General	459,533	284,410
General - property	156,499	161,339
	<hr/>	<hr/>
Total without donor restrictions	616,032	445,749
With donor restrictions		
Other grants and contributions	541,073	531,460
Contributions	-	120,000
Legal Services Corporation - property	2,323,835	2,312,464
Other grants and contributions - property	239,342	289,245
	<hr/>	<hr/>
Total with donor restrictions	3,104,250	3,253,169
	<hr/>	<hr/>
Total net assets	3,720,282	3,698,918
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,572,071</u>	<u>\$ 16,657,040</u>

Legal Aid of NorthWest Texas
 Statements of Activities
 Years Ended December 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions		Total	2022 Total
		LSC	Non - LSC		
REVENUES AND OTHER SUPPORT					
Grants and contracts	\$ -	\$ 11,202,719	\$ 19,107,181	\$ 30,309,900	\$ 30,309,900
Attorney fees	-	5,151	-	5,151	5,151
Donated funds	901,299	-	157,202	157,202	1,058,501
Donated services	-	1,265,047	-	1,265,047	1,265,047
Interest income	59,551	53,437	-	53,437	112,988
Other income	651	-	-	-	651
Net assets released from restrictions	31,939,656	(12,514,983)	(19,424,673)	(31,939,656)	-
Total revenues and other support	32,901,157	11,371	(160,290)	(148,919)	32,752,238
EXPENSES					
Program services	29,043,870	-	-	-	29,043,870
Management and general	3,072,065	-	-	-	3,072,065
Fundraising	614,939	-	-	-	614,939
Total expenses	32,730,874	-	-	-	32,730,874
Changes in net assets	170,283	11,371	(160,290)	(148,919)	21,364
NET ASSETS, beginning of year	445,749	2,312,464	940,705	3,253,169	3,698,918
NET ASSETS, end of year	\$ 616,032	\$ 2,323,835	\$ 780,415	\$ 3,104,250	\$ 3,720,282

The Notes to Financial Statements are an integral part of these statements.

Legal Aid of NorthWest Texas
 Statements of Activities – Continued
 Years Ended December 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions		Total	2021 Total
		LSC	Non - LSC		
REVENUES AND OTHER SUPPORT					
Grants and contracts	\$ -	\$ 10,396,340	\$ 17,109,043	\$ 27,505,383	\$ 27,505,383
Attorney fees	-	4,701	-	4,701	4,701
Donated funds	690,762	-	28,543	28,543	719,305
Donated services	-	2,015,108	-	2,015,108	2,015,108
Interest income	4,509	2,703	-	2,703	7,212
Other income	4,215	-	-	-	4,215
Net assets released from restrictions	29,678,215	(12,415,376)	(17,262,839)	(29,678,215)	-
Total revenues and other support	30,377,701	3,476	(125,253)	(121,777)	30,255,924
EXPENSES					
Program services	26,706,821	-	-	-	26,706,821
Management and general	3,092,517	-	-	-	3,092,517
Fundraising	511,724	-	-	-	511,724
Total expenses	30,311,062	-	-	-	30,311,062
Changes in net assets	66,639	3,476	(125,253)	(121,777)	(55,138)
NET ASSETS, beginning of year	379,110	2,308,988	1,065,958	3,374,946	3,754,056
NET ASSETS, end of year	\$ 445,749	\$ 2,312,464	\$ 940,705	\$ 3,253,169	\$ 3,698,918

The Notes to Financial Statements are an integral part of these statements.

Legal Aid of NorthWest Texas
 Statements of Functional Expenses
 Years Ended December 31, 2022 and 2021

	2022			
	Program Services	Management and General	Fundraising	Total
PERSONNEL EXPENSES				
Attorney salaries and wages	\$ 11,561,011	\$ 393,897	\$ -	\$ 11,954,908
Non-attorney salaries and wages	4,922,744	747,234	220,919	5,890,897
Payroll taxes	1,232,069	87,683	17,110	1,336,862
Fringe benefits	3,961,808	247,507	48,358	4,257,673
LSC carryover - salaries & benefits	2,461,380	873,942	144,695	3,480,017
Total personnel expenses	24,139,012	2,350,263	431,082	26,920,357
OTHER EXPENSES				
Legal consultants - donated	1,265,047	-	-	1,265,047
Contract services	239,350	307,708	40,085	587,143
Travel and training	210,945	30,600	4,404	245,949
Occupancy	1,457,754	38,894	6,407	1,503,055
Building interest	30,357	30,357	-	60,714
Purchases and materials	311,291	15,063	476	326,830
Equipment rentals	59,500	4,326	710	64,536
Equipment/software maintenance and repairs	49,670	59,161	28,818	137,649
Office supplies	157,338	38,632	43,472	239,442
Printing	14,787	474	31,349	46,610
Postage	45,856	4,251	9,043	59,150
Bank service charges	124	13,385	2,899	16,408
Telephone	558,962	64,719	10,617	634,298
Advertising	97,756	-	-	97,756
Insurance	92,730	5,523	907	99,160
Dues	60,500	9,849	4,245	74,594
Recruiting/advocacy	2,480	40,439	425	43,344
Litigation	101,273	-	-	101,273
Miscellaneous	168	11,805	-	11,973
Total other expenses	4,755,888	675,186	183,857	5,614,931
Total expenses before depreciation	28,894,900	3,025,449	614,939	32,535,288
Depreciation	148,970	46,616	-	195,586
TOTAL EXPENSES	\$ 29,043,870	\$ 3,072,065	\$ 614,939	\$ 32,730,874

The Notes to Financial Statements are an integral part of these statements.

Legal Aid of NorthWest Texas
 Statements of Functional Expenses – Continued
 Years Ended December 31, 2022 and 2021

	2021			
	Program Services	Management and General	Fundraising	Total
PERSONNEL EXPENSES				
Attorney salaries and wages	\$ 10,165,983	\$ 657,813	\$ -	\$ 10,823,796
Non-attorney salaries and wages	3,539,516	1,068,019	313,496	4,921,031
Payroll taxes	997,056	124,280	22,863	1,144,199
Fringe benefits	3,346,227	313,892	58,414	3,718,533
LSC carryover - salaries & benefits	3,615,864	-	-	3,615,864
	<hr/>	<hr/>	<hr/>	<hr/>
Total personnel expenses	21,664,646	2,164,004	394,773	24,223,423
OTHER EXPENSES				
Legal consultants - donated	2,015,108	-	-	2,015,108
Contract services	376,255	379,747	51,743	807,745
Travel and training	133,316	26,939	1,922	162,177
Occupancy	1,157,903	50,523	8,303	1,216,729
Building interest	33,775	33,775	-	67,550
Purchases and materials	86,003	137,275	386	223,664
Equipment rentals	79,793	4,565	746	85,104
Equipment/software maintenance and repairs	38,097	30,214	21,985	90,296
Office supplies	112,183	18,832	10,316	141,331
Printing	7,413	166	2,598	10,177
Postage	31,726	1,510	2,820	36,056
Bank service charges	122	12,841	1,512	14,475
Telephone	633,294	60,856	9,921	704,071
Advertising	-	-	395	395
Insurance	83,778	5,384	878	90,040
Dues	53,249	10,267	3,350	66,866
Recruiting/advocacy	-	43,823	76	43,899
Litigation	49,480	-	-	49,480
Miscellaneous	186	64,023	-	64,209
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Total other expenses	4,891,681	880,740	116,951	5,889,372
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	26,556,327	3,044,744	511,724	30,112,795
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation	150,494	47,773	-	198,267
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ 26,706,821	\$ 3,092,517	\$ 511,724	\$ 30,311,062

The Notes to Financial Statements are an integral part of these statements.

Legal Aid of NorthWest Texas
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 21,364	\$ (55,138)
Adjustments to reconcile change in net assets to cash used in operating activities		
Operating lease amortization	702,413	-
Finance lease amortization	1,648	-
Depreciation	195,586	198,267
Changes in operating assets and liabilities, net		
Due from grantors	(343,399)	566,736
Accounts receivable - other	18,098	2,376
Contributions receivable	120,000	114,576
Prepaid expenses	(29,291)	(34,948)
Accounts payable and accrued liabilities	(77,873)	217,369
Refundable advances	(2,924,861)	(1,256,264)
Operating lease liabilities	(691,992)	-
	(3,008,307)	(247,026)
Net cash used in operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on financing leases	(1,580)	-
Payments on note payable	(152,212)	(146,588)
	(153,792)	(146,588)
Net cash used in financing activities		
Change in cash and cash equivalents	(3,162,099)	(393,614)
CASH AND CASH EQUIVALENTS, beginning of year	12,049,661	12,443,275
CASH AND CASH EQUIVALENTS, end of year	\$ 8,887,562	\$ 12,049,661
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 60,714	\$ 67,550
Financing lease assets obtained in exchange for lease liabilities, net	\$ 14,833	\$ -
Operating lease assets obtained in exchange for lease liabilities, net	\$ 2,704,237	\$ -

The Notes to Financial Statements are an integral part of these statements.

Legal Aid of NorthWest Texas

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Activities

Legal Aid of NorthWest Texas (LANWT) is a not for profit corporation organized for the purpose of providing legal assistance in non-criminal matters to persons financially unable to afford legal services. Services are provided at 31 offices, which encompass 114 counties. Its mission is to ensure equal justice for people living in poverty through the provision of high quality legal representation and to further the ends of justice and improve the lives of low income people through the rule of the law.

Basis of Accounting

The financial statements of LANWT have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

LANWT is required to report information regarding its financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, other support, expenses, gains and losses are classified based on the existence or absence of donor-imposed stipulations. Accordingly, LANWT's net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Represent resources that are available for the support of operations.

Net assets with donor restrictions – Include grants, contributions and other program income expendable only for purposes specified or approved by the grantor or donor. Amount also includes amounts to be invested or held in perpetuity. As of December 31, 2022 and 2021, LANWT had no amounts in net assets with donor restrictions that are held in perpetuity.

Major Grants, Contracts and/or Allocation Support

The major funding sources for LANWT include Legal Services Corporation (LSC) and Texas Access to Justice Foundation (TAJF). These sources comprise more than 75% and 85% of the total grant funding received by LANWT for the years ended December 31, 2022 and 2021, respectively.

LSC, a not for profit corporation, administers the federal government's legal assistance program and provides continued support to LANWT through annual grants. During years ended December 31, 2022 and 2021, LANWT recognized contract funds from LSC support as expended. In accordance with the terms of its grants from LSC, LANWT may retain unused funds for use in future periods, provided all grant conditions have been met and the carryforward has been approved by LSC.

Additionally, TAJF provides funding for the Basic Civil Legal Services Program (BCLS), the Crime Victims Civil Legal Services Grant (CVCLS) and smaller related grants. BCLS was established by the Supreme Court of Texas in compliance with state legislation relating to additional court filing fees imposed to provide basic civil legal services to the indigent. The CVCLS grant was established to provide victim-related civil legal services to victims of crime.

Legal Aid of NorthWest Texas

Notes to Financial Statements

LSC, TAJF and other grantors may, at their discretion, request reimbursement for expenses or return of funds or both, as a result of non-compliance by LANWT with the terms of grants, contracts and allocations. In addition, if LANWT terminates its legal assistance activities, all unused funds are to be returned to the respective funding sources.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments, which are those with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Escrow funds consist of cash and cash equivalents held on behalf of clients, and are recorded as escrow funds – client deposits asset and liability on the statements of financial position.

Due from Grantors and Accounts Receivable

LANWT evaluates the allowance for doubtful accounts related to amounts due from grantors and others based on prior experience, review of individual grants, existing economic conditions as well as other pertinent factors. At December 31, 2022 and 2021, LANWT considered amounts due from grantors and others to be fully collectible. Accordingly, no allowance is recorded.

Contributions Receivable

Contributions are recognized when the unconditional contribution is made or when the related conditions are met. Contributions receivable due in more than one year are discounted to net present value. Discounts are recorded in revenue during the year in which the discount is calculated. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of individual accounts and collection history. At December 31, 2022, LANWT had no outstanding contributions receivable. At December 31, 2021, LANWT considered contributions receivable to be fully collectible. Accordingly, no allowance is recorded.

Prepaid Expenses

Prepaid expenses consist of payments made in advance for expenses related to future periods.

Property and Equipment

Property acquired with LSC, BCLS and CVCLS funds is considered to be owned by LANWT. However, the funding sources have a reversionary interest in the property as well as the right to determine the use of any proceeds from the sale of assets purchased with their respective funds.

Expenditures of property and equipment that exceed \$5,000 and that have a useful life of one year or more are capitalized at cost. Donated assets are capitalized and recorded at their fair value at the time of donation. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets.

The following useful lives have been assigned to the capitalized assets:

Buildings	30 years
Equipment, software and furniture	5 years

Legal Aid of NorthWest Texas

Notes to Financial Statements

Expense Allocations

In some cases, expenses are incurred which support the work performed under more than one grant, contract or maintenance of effort requirement. Such expenses are allocated among various funding sources as specified by the funding agreements. Personnel expenses are allocated based on records of time and effort. Non-personnel expenses including occupancy (rent, utilities, janitorial and building maintenance), supplies, postage, telephone and insurance expenses are allocated based on the salaries and wages of employees charged to the program for the respective month.

Donated Services

Contributed services that create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased are recorded as revenues in the Statement of Activities at the estimated fair value of the service. Attorneys and other professionals with specialized skills donate services to LANWT. The value of donated services is based upon an estimated average fee normally charged by the professionals rendering the services. The amounts recorded as donated services are based on actual time spent on assigned cases and legal clinics during the year. Donated services are recognized both as support and expense in the accompanying financial statements. Management estimates the fair value of donated professional or specialized services to be \$1,265,047 (8,431 hours) for 2022 and \$2,015,108 (13,434 hours) for 2021.

Donated Funds

During years ended December 31, 2022 and 2021, LANWT had donated funds of \$1,058,501 and \$719,305, respectively. Contributions received are recorded as donated funds revenue without donor restrictions or donated funds revenue with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor support is reported as an increase in net assets with donor restrictions or net assets without donor restrictions, depending on the nature and existence of the restriction.

When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Income Taxes

LANWT is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, LANWT has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a)(2) of the Code.

Accounting principles generally accepted in the United States of America require LANWT to recognize in its financial statements the financial effects of a tax position if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Tax positions taken by LANWT have been reviewed, and management is of the opinion that material positions taken by LANWT would more likely than not be sustained by examination. Accordingly, LANWT has not recorded an income tax liability for uncertain tax benefits.

Financial Instruments

The fair value of other financial instruments including due from grantors, contributions receivable and refundable advances approximate their carrying values because the collection or payment period is relatively short or because the terms are similar to market terms.

Legal Aid of NorthWest Texas

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include, but are not limited to, value of donated services and depreciation and depreciable lives related to property and equipment. It is reasonably possible that these estimates may change in the near term.

Recently Adopted Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Starting on January 1, 2022 (the "transition date"), with the adoption of Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), once LANWT has determined an arrangement is a long-term lease (with a remaining lease term greater than 12 months), at inception (or transition date) it recognizes a right of use asset ("ROU asset") and lease liability based on the present value of the lease payments over the lease term. For all other leases, LANWT has elected the short-term exception not to recognize lease assets and liabilities.

Prior to 2022, rent expense on operating leases, including rent holidays and scheduled rent increases, was recorded based on payments made, which approximated the straight-line basis over the term of the lease, commencing on the date LANWT took possession of the leased property. Rent expense is recorded in occupancy expenses.

As a result of the adoption of the new lease accounting guidance on January 1, 2022, LANWT recognized (a) lease liabilities of approximately \$1,607,400, which represents the present value of the remaining lease payments, discounted using LANWT's risk-free rate, and (b) right-of-use assets of approximately \$1,607,400.

Additionally, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase transparency of contributed nonfinancial assets for not for profit entities through enhancements to presentation and disclosure. The guidance is effective for fiscal years beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. This standard should be applied on a retrospective basis. LANWT implemented this standard effective January 1, 2022.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation. Such reclassifications had no effect on net assets or change in net assets.

Legal Aid of NorthWest Texas

Notes to Financial Statements

Subsequent Events

LANWT has evaluated subsequent events through April 28, 2023, the date these financial statements were available to be issued. During this period, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

Note 2. Due from Grantors

Due from grantors consists of the excess of grant or contract expenses over amounts received from governmental and private agencies applicable to the period January 1 through December 31:

	<u>2022</u>	<u>2021</u>
Victims of Crime Act (VOCA)	\$ 602,157	\$ 443,218
LSC - Pro Bono Innovation	123,434	78,088
LSC - Supplemental Disaster	86,910	-
City of Dallas Eviction Assistance	47,199	23,383
Office of Attorney General (OAG)	48,187	58,229
TAJF Emergency Rental Assistance	383,205	351,547
Tarrant County Emergency Rental Assistance	18,935	4,200
Low Income Taxpayers Clinic	24,354	18,996
Safe Haven of Tarrant County	7,889	6,500
CVCLS	-	11,454
Statewide Disaster Recovery	-	1,292
Equal Justice Works Elder Justice Fellowship	-	15,108
Crime Victim Assistance	-	20,987
Texas Homeowner Assistance Fund	19,964	-
Others	32,918	18,751
	<u>\$ 1,395,152</u>	<u>\$ 1,051,753</u>

Note 3. Property and Equipment

Property and equipment consists of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Buildings	\$ 6,273,238	\$ 6,273,238
Equipment, software and furniture	535,472	792,404
	6,808,710	7,065,642
Accumulated depreciation	<u>(4,412,613)</u>	<u>(4,473,959)</u>
	2,396,097	2,591,683
Land	474,875	474,875
Total	<u>\$ 2,870,972</u>	<u>\$ 3,066,558</u>

Total depreciation expense was \$195,586 and \$198,267 for the years ended December 31, 2022 and 2021, respectively.

Legal Aid of NorthWest Texas

Notes to Financial Statements

Note 4. Refundable Advances

Refundable advances consist of the excess of grant or contract amounts received into cash and cash equivalents from governmental and private agencies that exceed expenses applicable to the period January 1 through December 31, as detailed below:

	<u>2022</u>	<u>2021</u>
LSC - Basic Field Grant	\$ 3,762,333	\$ 3,480,017
CVCLS	31,546	-
BCLS	3,018,809	6,006,975
Equal Justice Works Fellowship	10,962	8,463
Wells Fargo	50,807	222,624
Capital One	32,643	29,466
Legal Aid to Veterans II - Extended Services	107,700	128,720
Legal Aid for Survivors of Sexual Assault	475,831	528,624
Legal Aid - Employment Intersect Criminal/Civil Justice	-	110,149
Legal Aid to Veterans	47,925	14,664
Legal Aid to Veterans III	118,318	-
Others	12,368	64,401
	<u>\$ 7,669,242</u>	<u>\$ 10,594,103</u>

Note 5. Note Payable

On December 20, 2007, LANWT entered into a \$3,000,000 promissory note with Splendora Cultural Education Facilities Finance Corporation for construction of the Fort Worth office. The note was then assigned to Frost National Bank. Effective December 19, 2015, the loan was refinanced for \$2,313,000 with an interest rate of 3.89% on a 15 year fixed rate mortgage. Payments of principal plus interest are due monthly through December 20, 2029, when the remaining unpaid principal shall become due and payable. Effective May 19, 2018, the interest rate changed to 4.52%.

The note is secured by a Deed of Trust on the building at 600 East Weatherford Street, Fort Worth, Texas, net revenues, and all accounts at Frost Bank.

	<u>2022</u>	<u>2021</u>
Balance of note as of December 31,	\$ 1,242,044	\$ 1,394,256
Less current maturities	<u>(158,054)</u>	<u>(152,213)</u>
Long term maturities	<u>\$ 1,083,990</u>	<u>\$ 1,242,043</u>

Legal Aid of NorthWest Texas

Notes to Financial Statements

The debt service requirements at December 31, 2022 are as follows:

<u>Year Ending December 31,</u>		
2023	\$	158,054
2024		164,007
2025		170,413
2026		176,953
2027		183,744
Thereafter		<u>388,873</u>
Total	\$	<u><u>1,242,044</u></u>

LANWT maintains fund accounting records that allow for independent verification of the use of private funds for the costs associated with the stone for the Fort Worth building. As of December 31, 2022 and 2021, \$142,796 and \$131,644 has been attributed to the stone and has been charged to private funds.

Note 6. Net Assets

Net assets with donor restrictions include those assets whose use by the organization has been donor-restricted for a specified purpose.

Net assets with donor restrictions are restricted for the following purposes or time restrictions as of December 31, 2022 and 2021:

	2022	2021
LSC - property	\$ 2,323,835	\$ 2,312,464
IOLTA fund - property	95,604	137,029
Other donations - property	143,738	152,216
Private donations	541,073	531,460
Time and purpose	-	<u>120,000</u>
Total net assets with donor restrictions	<u><u>\$ 3,104,250</u></u>	<u><u>\$ 3,253,169</u></u>

Legal Aid of NorthWest Texas

Notes to Financial Statements

Releases from restriction were for the following grants and other purposes during the years ended December 31, 2022 and 2021:

	2022	2021
LSC	\$ 12,514,983	\$ 12,415,376
Veterans	780,380	658,764
Community Redevelopment	-	551,595
Foreclosure Prevention	-	132,976
BCLS	9,154,547	7,699,081
CVCLS	467,185	488,884
Other grants	8,697,805	7,593,586
Private donations	324,756	137,953
Total release from restriction	\$ 31,939,656	\$ 29,678,215

Note 7. Description of Program and Supporting Services

The following program and supporting services are included in the accompanying Statement of Functional Expenses:

Program Services

The organization provides legal representation in the areas of consumer finance, education, employment, family law, health, housing, income maintenance and individual rights. Included in program services expenses are donated services of attorneys, paralegals and others.

Management and General

This category includes the functions necessary to maintain a viable legal services program: suitable working environment, coordination and articulation of LANWT's program strategy through the office of the Chief Executive Officer, proper administrative functioning of the Board of Directors, competent legal and other technical services for LANWT's program administration as well as the organization's management of financial and budgetary responsibilities.

Fundraising

This category includes the functions that provide program and organizational support through special events and other initiatives to bring in additional financial resources to the organization.

Note 8. Retirement Plan

In November 2011, LANWT combined two prior employer funded and employee funded plans and transferred the funds to a new custodian. The Plan is a defined contribution plan covering substantially all full-time employees of LANWT. Participants may contribute any percentage of their salary provided that they do not contribute more than the maximum permitted by law. LANWT may make a discretionary base contribution, and any such employer contribution will be allocated to eligible participants in the proportion that each participant's eligible compensation for the Plan year bears to the total eligible compensation of all such participants for the Plan year. During the years ended December 31, 2022 and 2021, LANWT contributed approximately \$915,000 and \$781,000, respectively.

Legal Aid of NorthWest Texas

Notes to Financial Statements

Note 9. Leases

LANWT leases many of its office facilities and office equipment under long-term, non-cancelable lease agreements. LANWT determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current liabilities, and long-term liabilities on the statement of financial position. Finance leases are included in finance lease right-of-use (ROU) assets, current liabilities, and long-term liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities, and financing leases ROU assets liabilities, are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, LANWT uses the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The ROU assets also include any lease pre-payments made and exclude lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In evaluating contracts to determine if they qualify as a lease, LANWT considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

None of LANWT's lease agreements contain contingent rental payments, material residual value guarantees or material restrictive covenants. The depreciable life of related leasehold improvements is based on the shorter of the useful life or the lease term. LANWT has no sublease agreements, and no lease agreements in which it is named as a lessor. LANWT performs interim reviews of its long-lived assets for impairment when evidence exists that the carrying value of an asset group, including a lease asset, may not be recoverable, and LANWT did not recognize an impairment expense associated with operating lease assets during 2022.

LANWT has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, LANWT accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The present value of LANWT's lease payments may include: (1) rental payments adjusted for inflation or market rates, and (2) lease terms with options to renew the lease when it is reasonably certain LANWT will exercise such an option. The exercise of lease renewal options is generally at LANWT's discretion. Payments based on a change in an index or market rate are not considered in the determination of lease payments for purposes of measuring the related lease liability. LANWT also elected not to restate comparative prior periods, and to utilize the transition date (January 1, 2022) as the date of initial application, as permitted by ASC Topic 842.

LANWT has elected to apply the short-term lease exemption whereby leases that are less than twelve months in duration are not included as ROU assets and lease liabilities. LANWT has also made an accounting policy election as a private entity by asset class to use a risk-free discount rate for its leases. The classes of underlying assets to which the elections are applied are office equipment and office space.

Legal Aid of NorthWest Texas

Notes to Financial Statements

LANWT has lease agreements with lease and non-lease components, which are generally accounted for separately. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

LANWT'S leases contain various terms and expire at various dates through 2027. For leases containing renewal options, LANWT has evaluated whether it is reasonably certain to renew.

At December 31, 2022, eight of LANWT's facility leases include clauses that allow for reduction in payment or early termination of the lease in the event that LANWT's funding is eliminated or significantly reduced. LANWT has not been notified of any significant changes to or reductions in funding. LANWT does not anticipate utilization of these clauses and therefore, the schedule below does not reflect these reductions.

The components of lease expense, cash flow information, and other information for the year-ended December 31, 2022 were as follows:

Lease cost		
Finance lease cost		
Amortization of right-of-use assets	\$	1,580
Interest on lease liabilities		68
Operating lease cost, included in occupancy expenses		918,529
Short-term lease cost, included in occupancy expenses		118,051
		<u>118,051</u>
Total lease cost	\$	<u>1,038,228</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	\$	1,648
Operating cash flows from operating leases	\$	702,413
Financing cash flows from finance leases	\$	(1,580)
Financing lease assets obtained in exchange for lease liabilities, net	\$	14,833
Operating lease assets obtained in exchange for lease liabilities, net	\$	2,704,237
Weighted-average remaining lease term - finance leases		3.33 years
Weighted-average remaining lease term - operating leases		2.87 years
Weighted-average discount rate - finance leases		2.50%
Weighted-average discount rate - operating leases		2.41%

Legal Aid of NorthWest Texas

Notes to Financial Statements

Future minimum lease payments under non-cancellable leases as of December 31, 2022 were as follows:

Year Ending December 31,	Operating Leases	Finance Leases	Total
2023	\$ 854,346	\$ 4,148	\$ 858,494
2024	642,244	4,148	646,392
2025	386,583	4,148	390,731
2026	132,667	1,382	134,049
2027	73,101	-	73,101
Total future minimum lease payments	2,088,941	13,826	2,102,767
Less imputed interest	<u>(76,696)</u>	<u>(573)</u>	<u>(77,269)</u>
	<u>\$ 2,012,245</u>	<u>\$ 13,253</u>	<u>\$ 2,025,498</u>
	Operating Leases	Finance Leases	Total
Current portion of lease liabilities	\$ 854,346	\$ 4,148	\$ 858,494
Lease liabilities - long-term portion	<u>1,234,595</u>	<u>9,678</u>	<u>1,244,273</u>
Total future minimum lease payments	2,088,941	13,826	2,102,767
Less imputed interest	<u>(76,696)</u>	<u>(573)</u>	<u>(77,269)</u>
Total	<u>\$ 2,012,245</u>	<u>\$ 13,253</u>	<u>\$ 2,025,498</u>

Prior Disclosures under ASC 840

Total rental expense, exclusive of utilities, was \$1,008,424 for year ended December 31, 2021. Future minimum lease payments under non-cancelable operating leases as of December 31, 2021 were as follows:

Year Ending December 31,	Operating Leases
2022	\$ 887,852
2023	618,439
2024	335,835
2025	156,924
Total	<u>\$ 1,999,050</u>

Legal Aid of NorthWest Texas

Notes to Financial Statements

Note 10. Contingencies and Commitments

Contingencies

LANWT is subject to various legal proceedings in the ordinary course of business. The resolution of these matters cannot be predicted with certainty, but management believes the final outcome of such matters will not have a material effect on LANWT's financial position, results of operations or cash flows.

LANWT participates in federal and state programs, which are governed by various rules and regulations of the grantor agency. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agency.

Therefore, to the extent that LANWT has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2022 may be impaired. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

Commitments

Health insurance is provided to employees of LANWT pursuant to a partially self-funded plan. LANWT is liable on an annual basis for up to \$40,000 per employee. Premium and administrative fees accounted for a total of approximately \$3.9 million and \$3.6 million in health and dental insurance expenses for the years ended December 31, 2022 and 2021, respectively.

Note 11. Concentrations

LANWT maintains accounts at various banks. Bank deposits are currently insured by the Federal Deposit Insurance Corporation (FDIC) for a maximum of \$250,000. Cash at these institutions exceeded federally insured limits. The amount in excess of the FDIC limit totaled \$8.8 million and \$11.9 million as of December 31, 2022 and 2021, respectively, and are invested by LANWT's financial institutions in money market accounts and repurchase agreements overnight to limit risk exposure. The Board of Directors has adopted the guidance issued by Legal Services Corporation regarding the excess funds on deposit. In accordance with LSC Accounting Guide for LSC Recipients, as revised, LANWT deposits funds in the excess of federally insured limits in money market accounts and repurchase agreements that invest in U.S. government securities.

Note 12. Concentration of Source of Supply of Labor

LANWT staff attorneys, paralegals, intake and support personnel (representing approximately 70% of the employees) are members of the Union of Legal Assistance Workers, National Organization of Legal Services Workers, UAW Local #2320, AFL-CIO. Administrative and managerial employees are not represented by a union. The revised collective bargaining agreement was re-negotiated in 2022.

Legal Aid of NorthWest Texas

Notes to Financial Statements

Note 13. Major Funding Sources

For the year ended December 31, 2022 and 2021, approximately 37% and 38% of LANWT's grant support was provided by LSC and 38% and 47% was provided by grants from TAJF, respectively.

The funding sources detailed below represent approximately 75% of LANWT's total grant support of \$30.3 million for 2022 and 85% of total grant support of \$27.5 million for 2021.

	2022	2021
Total Direct LSC Funding	\$ 11,202,719	\$ 10,396,340
Total Direct TAJF Funding	11,623,054	12,983,604

Note 14. Related Party Transactions

During the normal course of LANWT's Private Attorney Involvement program activities, attorney Board members participate in, or otherwise contribute to, the provision of legal services to persons financially unable to afford legal services on a pro bono basis through the Dallas Volunteer Attorney Program and other similar programs. Members receive no compensation for their services, but may be entitled to reimbursement of out-of-pocket expenses related to the representation of eligible clients.

In the normal course of procuring services or funding, persons related to LANWT officers, employees or Board members may be involved with the firms used for purchasing of nominal services or provision of legal services to persons financially unable to afford legal services. Management believes the services are provided at rates comparable to those in arms-length transactions for services provided.

Note 15. Contributions Receivable

At December 31, 2022, LANWT had no contributions receivable. At December 31, 2021, contributions receivable was comprised of \$120,000 to be collected in one year. LANWT discounts pledges that are expected to be collected after one year.

Note 16. Liquidity

As a not for profit entity, LANWT receives significant funding in the form of grants each year from federal and state agencies, which are restricted to be used in a particular manner. LANWT must maintain sufficient resources to meet those responsibilities to its grantors. Thus, financial assets may not be available for general expenditure within one year. As part of managing the financial assets, LANWT ensures these become available when obligations come due.

Legal Aid of NorthWest Texas

Notes to Financial Statements

The following reflects LANWT's financial assets as of the balance sheet date, including amounts not available within one year of the balance sheet date. Amounts not available include donor-imposed restricted grants.

	2022	2021
Cash and cash equivalents (see Note 4)	\$ 8,887,562	\$ 12,049,661
Contributions receivable - current	-	120,000
Accounts Receivable-other	1,173	19,271
Due from grantors	1,395,152	1,051,753
Total financial assets, year end	10,283,887	13,240,685
Less grantor and donor-imposed restrictions		
Time and purpose restrictions	(3,104,250)	(3,253,169)
Total financial assets not available to be used within one year	(3,104,250)	(3,253,169)
Total financial assets available to meet general expenditures within one year	\$ 7,179,637	\$ 9,987,516

Total restricted funds of \$3,104,250 and \$3,253,169 at December 31, 2022 and 2021 include \$2,323,835 and \$2,312,464 restricted for use in accordance with the Legal Services Corporation grant. These funds can be utilized for any purposes that are allowable under the Legal Services Corporation grant, which encompasses most of the costs LANWT incurs.

Additionally, as of December 31, 2022 and 2021, cash and cash equivalents include \$7,669,242 and \$10,594,103 related to refundable advances from grantors.

Note 17. LSC Carryover

Per LSC requirements, LANWT is allowed to carry forward up to 10% of LSC support to the next fiscal year. LANWT can request a waiver to carry forward up to 25% of LSC support to the next fiscal year, and when there are extraordinary and compelling circumstances, requests can exceed 25%.

The excess subject to waiver for the year ended December 31, 2022 was \$3,762,333 (33%). As of December 31, 2022, LSC carryforward of \$3,762,333 is included in refundable advances on the Statement of Financial Position.

The excess subject to waiver for the year ended December 31, 2021 was \$3,480,017 (34%). As of December 31, 2021, LSC carryforward of \$3,480,017 is included in refundable advances on the Statement of Financial Position.

Legal Aid of NorthWest Texas

Notes to Financial Statements

Note 18. Contributions of Non-financial Assets

Contributed nonfinancial assets for the year ended December 31, 2022, consisted of the following:

	<u>Revenue Recognized</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>
Professional Services	\$ 1,265,047	Client Services	No associated donor restrictions

Contributed nonfinancial assets for the year ended December 31, 2021, consisted of the following:

	<u>Revenue Recognized</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>
Professional Services	\$ 2,015,108	Client Services	No associated donor restrictions

Professional services were valued based on estimated fair value on the basis of values that would be received for providing similar services in Fort Worth, Texas.

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Supplementary Information

Legal Aid of NorthWest Texas
 Statements of Support, Revenues and Expenses – by Fund
 Year Ended December 31, 2022 and
 Memorandum Totals for Year Ended December 31, 2021

	Basic Field Grant				Pro Bono Innovation
	LSC	LSC - Property	LSC-PAI	Fundraising	
SUPPORT AND REVENUE					
Grants and contracts	\$ 9,856,217	\$ 141,061	\$ 390,410	\$ 571,510	\$ 156,611
Contributions	-	-	-	-	-
Attorney fees	5,151	-	-	-	-
Donated funds	-	-	-	-	-
Donated services	1,265,047	-	-	-	-
Interest	53,437	-	-	-	-
Other income	-	-	-	-	-
Total revenue grants and contracts	11,179,852	141,061	390,410	571,510	156,611
Attorney salaries and wages	4,420,455	-	79,153	-	67,645
Non-attorneys salaries and wages	2,916,293	-	181,661	336,673	29,938
Payroll taxes	558,310	-	19,558	24,900	7,469
Fringe benefits	1,715,986	-	62,631	69,509	24,251
Total personnel	9,611,044	-	343,003	431,082	129,303
Legal consultants - donated	1,265,047	-	-	-	-
Contract services	315,078	-	4,937	34,975	17,058
Travel and training	113,445	-	2,286	3,877	-
Occupancy	500,226	-	20,417	6,407	3,683
Building interest	56,266	-	-	-	-
Purchases and materials	132,396	-	753	476	153
Equipment rentals	26,232	-	920	710	247
Equipment/software maintenance and repairs	75,454	-	2,818	28,818	181
Office supplies	80,748	-	6,478	9,627	409
Printing	10,170	-	7	30,680	-
Postage	21,794	-	717	8,664	208
Bank service charges	12,864	-	-	-	-
Telephone	247,680	-	6,118	10,617	4,955
Advertising	-	-	-	-	-
Insurance	41,027	-	1,168	907	414
Dues	34,680	-	-	4,245	-
Recruiting/advocacy	41,343	-	-	425	-
Litigation	30,776	-	788	-	-
Miscellaneous	376	-	-	-	-
Administrative allocation	(1,436,794)	-	-	-	-
Total other expenses	1,568,808	-	47,407	140,428	27,308
Total expenses before depreciation	11,179,852	-	390,410	571,510	156,611
Excess (deficiency) of support and revenue over expenses before depreciation	-	141,061	-	-	-
Depreciation	-	129,690	-	-	-
Change in net assets	\$ -	\$ 11,371	\$ -	\$ -	\$ -

Legal Aid of NorthWest Texas

Statements of Support, Revenues and Expenses – by Fund Year Ended December 31, 2022 and Memorandum Totals for Year Ended December 31, 2021

	Supplemental Disaster	Total Direct LSC Funding	Statewide Disaster Recovery
SUPPORT AND REVENUE			
Grants and contracts	\$ 86,910	\$ 11,202,719	\$ -
Contributions	-	-	-
Attorney fees	-	5,151	-
Donated funds	-	-	-
Donated services	-	1,265,047	-
Interest	-	53,437	-
Other income	-	-	-
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Total revenue grants and contracts	86,910	12,526,354	-
Attorney salaries and wages	6,659	4,573,912	-
Non-attorneys salaries and wages	6,179	3,470,744	-
Payroll taxes	1,189	611,426	-
Fringe benefits	3,211	1,875,588	-
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Total personnel	17,238	10,531,670	-
Legal consultants - donated	-	1,265,047	-
Contract services	-	372,048	-
Travel and training	242	119,850	-
Occupancy	1,033	531,766	-
Building interest	-	56,266	-
Purchases and materials	56,865	190,643	-
Equipment rentals	48	28,157	-
Equipment/software maintenance and repairs	1,175	108,446	-
Office supplies	9,947	107,209	-
Printing	-	40,857	-
Postage	30	31,413	-
Bank service charges	-	12,864	-
Telephone	269	269,639	-
Advertising	-	-	-
Insurance	63	43,579	-
Dues	-	38,925	-
Recruiting/advocacy	-	41,768	-
Litigation	-	31,564	-
Miscellaneous	-	376	-
Administrative allocation	-	(1,436,794)	-
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Total other expenses	69,672	1,853,623	-
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Total expenses before depreciation	86,910	12,385,293	-
Excess (deficiency) of support and revenue over expenses before depreciation	-	141,061	-
Depreciation	-	129,690	41,425
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Change in net assets	\$ -	\$ 11,371	\$ (41,425)

Legal Aid of NorthWest Texas

Statements of Support, Revenues and Expenses – by Fund Year Ended December 31, 2022 and Memorandum Totals for Year Ended December 31, 2021

	BCLS	BCLS PAI	Total BCLS	CVCLS
SUPPORT AND REVENUE				
Grants and contracts	\$ 8,617,061	\$ 537,486	\$ 9,154,547	\$ 467,185
Contributions	-	-	-	-
Attorney fees	-	-	-	-
Donated funds	-	-	-	-
Donated services	-	-	-	-
Interest	-	-	-	-
Other income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue grants and contracts	8,617,061	537,486	9,154,547	467,185
PERSONNEL				
Attorney salaries and wages	3,699,201	-	3,699,201	263,274
Non-attorneys salaries and wages	1,675,758	328,238	2,003,996	26,774
Payroll taxes	402,112	24,234	426,346	22,092
Fringe benefits	1,259,542	80,142	1,339,684	70,280
	<hr/>	<hr/>	<hr/>	<hr/>
Total personnel	7,036,613	432,614	7,469,227	382,420
OTHER EXPENSES				
Legal consultants - donated	-	-	-	-
Contract services	78,284	6,888	85,172	796
Travel and training	22,519	6,231	28,750	1,923
Occupancy	386,963	23,049	410,012	20,701
Building interest	-	-	-	-
Purchases and materials	15,822	977	16,799	713
Equipment rentals	16,133	1,226	17,359	1,031
Equipment/software maintenance and repairs	14,323	883	15,206	715
Office supplies	38,143	3,067	41,210	2,102
Printing	-	-	-	-
Postage	12,866	1,057	13,923	845
Bank service charges	-	-	-	-
Telephone	175,488	11,067	186,555	9,814
Advertising	-	-	-	-
Insurance	27,069	1,694	28,763	1,457
Dues	-	-	-	-
Recruiting/advocacy	-	-	-	-
Litigation	11,748	-	11,748	2,472
Miscellaneous	-	-	-	-
Administrative allocation	781,090	48,733	829,823	42,196
	<hr/>	<hr/>	<hr/>	<hr/>
Total other expenses	1,580,448	104,872	1,685,320	84,765
Total expenses before depreciation	8,617,061	537,486	9,154,547	467,185
Excess (deficiency) of support and revenue over expenses before depreciation	-	-	-	-
Depreciation	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Legal Aid of NorthWest Texas

Statements of Support, Revenues and Expenses – by Fund Year Ended December 31, 2022 and Memorandum Totals for Year Ended December 31, 2021

	Legal Aid to Veterans	Legal Aid to Veterans II - Extended Services	Legal Aid to Veterans - Supplemental
SUPPORT AND REVENUE			
Grants and contracts	\$ 331,739	\$ 377,964	\$ 70,677
Contributions	-	-	-
Attorney fees	-	-	-
Donated funds	-	-	-
Donated services	-	-	-
Interest	-	-	-
Other income	-	-	-
	<hr/>		
Total revenue grants and contracts	331,739	377,964	70,677
PERSONNEL			
Attorney salaries and wages	137,512	175,006	35,940
Non-attorneys salaries and wages	66,538	57,053	5,299
Payroll taxes	15,266	17,241	3,267
Fringe benefits	50,508	58,294	10,521
	<hr/>		
Total personnel	269,824	307,594	55,027
OTHER EXPENSES			
Legal consultants - donated	-	-	-
Contract services	493	521	5
Travel and training	2,163	84	317
Occupancy	17,546	22,230	2,457
Building interest	-	-	-
Purchases and materials	660	755	4,204
Equipment rentals	789	947	128
Equipment/software maintenance and repairs	578	594	143
Office supplies	1,827	1,760	380
Printing	-	-	-
Postage	608	725	131
Bank service charges	-	-	-
Telephone	6,097	6,893	1,128
Advertising	-	-	-
Insurance	1,040	1,132	221
Dues	-	-	-
Recruiting/advocacy	-	-	-
Litigation	-	416	111
Miscellaneous	-	-	-
Administrative allocation	30,114	34,313	6,425
	<hr/>		
Total other expenses	61,915	70,370	15,650
	<hr/>		
Total expenses before depreciation	331,739	377,964	70,677
	<hr/>		
Excess (deficiency) of support and revenue over expenses before depreciation	-	-	-
	<hr/>		
Depreciation	-	-	-
	<hr/>		
Change in net assets	\$ -	\$ -	\$ -
	<hr/>		

Legal Aid of NorthWest Texas
 Statements of Support, Revenues and Expenses – by Fund
 Year Ended December 31, 2022 and
 Memorandum Totals for Year Ended December 31, 2021

	Legal Aid - Employment Intersect Criminal/Civil Justice	LASSA	Emergency Rental Assistance	Emergency Rental Assistance 2
SUPPORT AND REVENUE				
Grants and contracts	\$ 110,149	\$ 1,110,793	\$ 2,982,025	\$ 770,534
Contributions	-	-	-	-
Attorney fees	-	-	-	-
Donated funds	-	-	-	-
Donated services	-	-	-	-
Interest	-	-	-	-
Other income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue grants and contracts	110,149	1,110,793	2,982,025	770,534
PERSONNEL				
Attorney salaries and wages	60,346	528,248	1,277,993	257,589
Non-attorneys salaries and wages	11,918	144,441	660,561	241,779
Payroll taxes	4,829	49,866	142,181	34,671
Fringe benefits	15,061	167,266	439,663	142,415
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Total personnel	92,154	889,821	2,520,398	676,454
OTHER EXPENSES				
Legal consultants - donated	-	-	-	-
Contract services	110	1,522	-	-
Travel and training	98	17,470	36,255	13,059
Occupancy	4,230	68,590	136,773	38,177
Building interest	-	-	-	-
Purchases and materials	45	2,803	3,603	1,928
Equipment rentals	202	3,872	5,855	2,015
Equipment/software maintenance and repairs	202	1,765	4,714	1,159
Office supplies	371	3,394	20,679	4,786
Printing	-	737	2,116	-
Postage	222	1,758	4,481	594
Bank service charges	-	-	-	-
Telephone	2,300	8,674	58,738	12,567
Advertising	-	-	89,956	-
Insurance	402	3,651	10,009	2,470
Dues	-	-	-	-
Recruiting/advocacy	-	-	-	-
Litigation	-	5,891	42,604	3,867
Miscellaneous	-	-	-	-
Administrative allocation	9,813	100,845	45,844	13,458
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Total other expenses	17,995	220,972	461,627	94,080
Total expenses before depreciation	110,149	1,110,793	2,982,025	770,534
Excess (deficiency) of support and revenue over expenses before depreciation	-	-	-	-
Depreciation	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -

Legal Aid of NorthWest Texas

Statements of Support, Revenues and Expenses – by Fund Year Ended December 31, 2022 and Memorandum Totals for Year Ended December 31, 2021

	Tarrant County Eviction	IRS	SafeHaven	City of Dallas Eviction
SUPPORT AND REVENUE				
Grants and contracts	\$ 122,520	\$ 100,000	\$ 26,559	\$ 218,095
Contributions	-	-	-	-
Attorney fees	-	-	-	-
Donated funds	-	-	-	-
Donated services	-	-	-	-
Interest	-	-	-	-
Other income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue grants and contracts	122,520	100,000	26,559	218,095
PERSONNEL				
Attorney salaries and wages	77,337	74,514	20,239	90,419
Non-attorneys salaries and wages	3,461	-	-	4,338
Payroll taxes	5,519	5,465	1,512	6,569
Fringe benefits	19,774	18,354	4,808	22,142
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Total personnel	106,091	98,333	26,559	123,468
OTHER EXPENSES				
Legal consultants - donated	-	-	-	-
Contract services	-	-	-	62,630
Travel and training	300	1,667	-	6,419
Occupancy	2,688	-	-	3,334
Building interest	-	-	-	-
Purchases and materials	-	-	-	1,239
Equipment rentals	-	-	-	97
Equipment/software maintenance and repairs	-	-	-	189
Office supplies	404	-	-	569
Printing	-	-	-	-
Postage	273	-	-	128
Bank service charges	-	-	-	-
Telephone	-	-	-	2,466
Advertising	1,300	-	-	-
Insurance	-	-	-	376
Dues	-	-	-	-
Recruiting/advocacy	-	-	-	-
Litigation	-	-	-	-
Miscellaneous	-	-	-	-
Administrative allocation	11,464	-	-	17,180
	<hr/>	<hr/>	<hr/>	<hr/>
Total other expenses	16,429	1,667	-	94,627
Total expenses before depreciation	122,520	100,000	26,559	218,095
Excess (deficiency) of support and revenue over expenses before depreciation	-	-	-	-
Depreciation	-	-	-	-
Change in net assets	<hr/> <u>\$ -</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ -</u>

Legal Aid of NorthWest Texas
 Statements of Support, Revenues and Expenses – by Fund
 Year Ended December 31, 2022 and
 Memorandum Totals for Year Ended December 31, 2021

	City of Dallas Eviction 2	DA VOCA	VOCA	EJW Elder Justice Fellowships
SUPPORT AND REVENUE				
Grants and contracts	\$ 139,503	\$ 8,799	\$ 2,253,341	\$ 35,977
Contributions	-	-	-	-
Attorney fees	-	-	-	-
Donated funds	-	-	-	-
Donated services	-	-	-	-
Interest	-	-	-	-
Other income	-	-	-	-
Total revenue grants and contracts	139,503	8,799	2,253,341	35,977
PERSONNEL				
Attorney salaries and wages	85,635	7,746	1,151,970	31,085
Non-attorneys salaries and wages	-	-	241,994	-
Payroll taxes	6,385	448	99,020	593
Fringe benefits	21,644	605	335,339	1,933
Total personnel	113,664	8,799	1,828,323	33,611
OTHER EXPENSES				
Legal consultants - donated	-	-	-	-
Contract services	-	-	-	-
Travel and training	3,630	-	5,955	-
Occupancy	6,206	-	72,361	-
Building interest	-	-	-	-
Purchases and materials	479	-	96,044	-
Equipment rentals	339	-	-	-
Equipment/software maintenance and repairs	231	-	1,072	-
Office supplies	899	-	11,147	-
Printing	-	-	-	2,229
Postage	27	-	929	-
Bank service charges	-	-	-	-
Telephone	1,279	-	42,804	-
Advertising	-	-	-	-
Insurance	584	-	1,804	-
Dues	-	-	-	-
Recruiting/advocacy	-	-	-	-
Litigation	-	-	-	137
Miscellaneous	-	-	-	-
Administrative allocation	12,165	-	192,902	-
Total other expenses	25,839	-	425,018	2,366
Total expenses before depreciation	139,503	8,799	2,253,341	35,977
Excess (deficiency) of support and revenue over expenses before depreciation	-	-	-	-
Depreciation	-	-	-	-
Change in net assets	\$ -	\$ -	\$ -	\$ -

Legal Aid of NorthWest Texas
 Statements of Support, Revenues and Expenses – by Fund
 Year Ended December 31, 2022 and
 Memorandum Totals for Year Ended December 31, 2021

	Recovery Resource Council	TXHAF Foreclosure Prevention	IOLTA	OVAG
SUPPORT AND REVENUE				
Grants and contracts	\$ 7,586	\$ 19,964	\$ -	\$ 172,964
Contributions	-	-	-	-
Attorney fees	-	-	-	-
Donated funds	-	-	-	-
Donated services	-	-	-	-
Interest	-	-	-	-
Other income	-	-	-	-
Total revenue grants and contracts	7,586	19,964	-	172,964
PERSONNEL				
Attorney salaries and wages	4,473	5,637	-	119,509
Non-attorneys salaries and wages	1,261	5,888	-	-
Payroll taxes	420	1,273	-	9,047
Fringe benefits	1,432	3,012	-	28,705
Total personnel	7,586	15,810	-	157,261
OTHER EXPENSES				
Legal consultants - donated	-	-	-	-
Contract services	-	-	-	-
Travel and training	-	394	-	214
Occupancy	-	1,258	-	10,055
Building interest	-	-	-	-
Purchases and materials	-	28	-	-
Equipment rentals	-	42	-	380
Equipment/software maintenance and repairs	-	36	-	329
Office supplies	-	146	-	936
Printing	-	-	-	-
Postage	-	37	-	431
Bank service charges	-	-	-	-
Telephone	-	328	-	2,673
Advertising	-	-	-	-
Insurance	-	70	-	685
Dues	-	-	-	-
Recruiting/advocacy	-	-	-	-
Litigation	-	-	-	-
Miscellaneous	-	-	-	-
Administrative allocation	-	1,815	-	-
Total other expenses	-	4,154	-	15,703
Total expenses before depreciation	7,586	19,964	-	172,964
Excess (deficiency) of support and revenue over expenses before depreciation	-	-	-	-
Depreciation	-	-	8,305	-
Change in net assets	\$ -	\$ -	\$ (8,305)	\$ -

Legal Aid of NorthWest Texas

Statements of Support, Revenues and Expenses – by Fund Year Ended December 31, 2022 and Memorandum Totals for Year Ended December 31, 2021

	Tankersley Fellowship	Equal Justice Works Fellowship - Pevey	Equal Justice Works Fellowship - Uke
SUPPORT AND REVENUE			
Grants and contracts	\$ 69,588	\$ 33,463	\$ 17,538
Contributions	-	-	-
Attorney fees	-	-	-
Donated funds	-	-	-
Donated services	-	-	-
Interest	-	-	-
Other income	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue grants and contracts	69,588	33,463	17,538
PERSONNEL			
Attorney salaries and wages	69,588	33,463	17,538
Non-attorneys salaries and wages	-	-	-
Payroll taxes	-	-	-
Fringe benefits	-	-	-
	<hr/>	<hr/>	<hr/>
Total personnel	69,588	33,463	17,538
OTHER EXPENSES			
Legal consultants - donated	-	-	-
Contract services	-	-	-
Travel and training	-	-	-
Occupancy	-	-	-
Building interest	-	-	-
Purchases and materials	-	-	-
Equipment rentals	-	-	-
Equipment/software maintenance and repairs	-	-	-
Office supplies	-	-	-
Printing	-	-	-
Postage	-	-	-
Bank service charges	-	-	-
Telephone	-	-	-
Advertising	-	-	-
Insurance	-	-	-
Dues	-	-	-
Recruiting/advocacy	-	-	-
Litigation	-	-	-
Miscellaneous	-	-	-
Administrative allocation	-	-	-
	<hr/>	<hr/>	<hr/>
Total other expenses	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	69,588	33,463	17,538
Excess (deficiency) of support and revenue over expenses before depreciation	-	-	-
Depreciation	-	-	-
	<hr/>	<hr/>	<hr/>
Change in net assets	\$ -	\$ -	\$ -

Legal Aid of NorthWest Texas

Statements of Support, Revenues and Expenses – by Fund Year Ended December 31, 2022 and Memorandum Totals for Year Ended December 31, 2021

	<u>King Foundation</u>	<u>Wells Fargo</u>	<u>Restricted Misc</u>	<u>Progressive Dinner</u>
SUPPORT AND REVENUE				
Grants and contracts	\$ 26,860	\$ 421,817	\$ 56,994	\$ -
Contributions	-	-	-	-
Attorney fees	-	-	-	-
Donated funds	-	-	138,006	19,196
Donated services	-	-	-	-
Interest	-	-	-	-
Other income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue grants and contracts	26,860	421,817	195,000	19,196
PERSONNEL				
Attorney salaries and wages	20,558	262,016	37,022	-
Non-attorneys salaries and wages	-	-	7,016	-
Payroll taxes	1,502	19,663	3,317	-
Fringe benefits	4,800	66,812	9,435	-
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Total personnel	26,860	348,491	56,790	-
OTHER EXPENSES				
Legal consultants - donated	-	-	-	-
Contract services	-	-	16,000	-
Travel and training	-	2,663	498	318
Occupancy	-	13,525	102,897	-
Building interest	-	-	4,448	-
Purchases and materials	-	948	5,409	-
Equipment rentals	-	897	-	-
Equipment/software maintenance and repairs	-	771	-	-
Office supplies	-	1,910	3,681	11,843
Printing	-	-	-	-
Postage	-	874	-	-
Bank service charges	-	-	245	531
Telephone	-	5,485	-	-
Advertising	-	6,500	-	-
Insurance	-	1,547	-	-
Dues	-	-	-	-
Recruiting/advocacy	-	-	75	-
Litigation	-	-	2,266	-
Miscellaneous	-	-	118	-
Administrative allocation	-	38,206	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other expenses	-	73,326	135,637	12,692
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Total expenses before depreciation	26,860	421,817	192,427	12,692
Excess (deficiency) of support and revenue over expenses before depreciation	-	-	2,573	6,504
Depreciation	-	-	173	-
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	\$ -	\$ -	\$ 2,400	\$ 6,504

Legal Aid of NorthWest Texas

Statements of Support, Revenues and Expenses – by Fund Year Ended December 31, 2022 and Memorandum Totals for Year Ended December 31, 2021

	Restricted for CLC	Total Misc Restricted	Total Restricted Non-LSC
SUPPORT AND REVENUE			
Grants and contracts	\$ -	\$ 56,994	\$ 19,107,181
Contributions	-	-	-
Attorney fees	-	-	-
Donated funds	-	157,202	157,202
Donated services	-	-	-
Interest	-	-	-
Other income	-	-	-
	-	214,196	19,264,383
PERSONNEL			
Attorney salaries and wages	81,313	118,335	8,625,171
Non-attorneys salaries and wages	3,692	10,708	3,486,009
Payroll taxes	6,515	9,832	883,007
Fringe benefits	23,928	33,363	2,856,415
	115,448	172,238	15,850,602
OTHER EXPENSES			
Legal consultants - donated	-	-	-
Contract services	4,016	20,016	171,265
Travel and training	-	816	122,177
Occupancy	-	102,897	933,040
Building interest	-	4,448	4,448
Purchases and materials	-	5,409	135,657
Equipment rentals	-	-	33,953
Equipment repairs	-	-	27,704
Office supplies	-	15,524	108,044
Printing	-	-	5,082
Postage	-	-	25,986
Bank service charges	-	776	776
Telephone	-	-	347,801
Advertising	-	-	97,756
Insurance	-	-	54,211
Dues	-	-	-
Recruiting	-	75	75
Litigation	-	2,266	69,512
Miscellaneous	-	118	118
Administrative allocation	-	-	1,386,563
Total other expenses	4,016	152,345	3,524,168
Total expenses before depreciation	119,464	324,583	19,374,770
Excess (deficiency) of support and revenue over expenses before depreciation	(119,464)	(110,387)	(110,387)
Depreciation	-	173	49,903
Change in net assets	<u>\$ (119,464)</u>	<u>\$ (110,560)</u>	<u>\$ (160,290)</u>

Legal Aid of NorthWest Texas
 Statements of Support, Revenues and Expenses – by Fund
 Year Ended December 31, 2022 and
 Memorandum Totals for Year Ended December 31, 2021

	<u>DBA JT Campaign</u>	<u>Women's Advocacy</u>	<u>Tarrant County Trivia Night</u>	<u>Unrestricted General</u>	<u>Total Unrestricted</u>
SUPPORT AND REVENUE					
Grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-	-
Attorney fees	-	-	-	-	-
Donated funds	641,219	166,265	17,762	76,053	901,299
Donated services	-	-	-	-	-
Interest	-	-	-	59,551	59,551
Other income	-	-	-	651	651
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Total revenue grants and contracts	641,219	166,265	17,762	136,255	961,501
PERSONNEL					
Attorney salaries and wages	253,117	-	-	10,185	263,302
Non-attorneys salaries and wages	143,669	-	-	1,855	145,524
Payroll taxes	29,692	-	-	876	30,568
Fringe benefits	95,915	-	-	2,776	98,691
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Total personnel	522,393	-	-	15,692	538,085
OTHER EXPENSES					
Legal consultants - donated	-	-	-	-	-
Contract services	720	4,250	860	38,000	43,830
Travel and training	3,687	210	-	25	3,922
Occupancy	38,249	-	-	-	38,249
Building interest	-	-	-	-	-
Purchases and materials	530	-	-	-	530
Equipment rentals	2,426	-	-	-	2,426
Equipment/software maintenance and repairs	599	-	-	900	1,499
Office supplies	2,185	18,841	3,163	-	24,189
Printing	-	671	-	-	671
Postage	1,373	303	75	-	1,751
Bank service charges	-	1,713	652	403	2,768
Telephone	16,858	-	-	-	16,858
Advertising	-	-	-	-	-
Insurance	1,370	-	-	-	1,370
Dues	590	-	-	35,079	35,669
Recruiting/advocacy	-	-	-	1,501	1,501
Litigation	8	-	-	189	197
Miscellaneous	-	-	-	11,479	11,479
Administrative allocation	50,231	-	-	-	50,231
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Total other expenses	118,826	25,988	4,750	87,576	237,140
Total expenses before depreciation	641,219	25,988	4,750	103,268	775,225
Excess (deficiency) of support and revenue over expenses before depreciation	-	140,277	13,012	32,987	186,276
Depreciation	-	-	-	15,993	15,993
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Change in net assets	\$ -	\$ 140,277	\$ 13,012	\$ 16,994	\$ 170,283

Legal Aid of NorthWest Texas
 Statements of Support, Revenues and Expenses – by Fund
 Year Ended December 31, 2022 and
 Memorandum Totals for Year Ended December 31, 2021

	2022 Totals	2021 Totals
SUPPORT AND REVENUE		
Grants and contracts	\$ 30,309,900	\$ 27,505,383
Contributions	-	-
Attorney fees	5,151	4,701
Donated funds	1,058,501	719,305
Donated services	1,265,047	2,015,108
Interest	112,988	7,212
Other income	651	4,215
	32,752,238	30,255,924
PERSONNEL		
Attorney salaries and wages	13,462,385	12,410,724
Non-attorneys salaries and wages	7,102,277	6,078,680
Payroll taxes	1,525,001	1,363,818
Fringe benefits	4,830,694	4,370,201
	26,920,357	24,223,423
OTHER EXPENSES		
Legal consultants - donated	1,265,047	2,015,108
Contract services	587,143	807,745
Travel and training	245,949	162,177
Occupancy	1,503,055	1,216,729
Building interest	60,714	67,550
Purchases and materials	326,830	223,664
Equipment rentals	64,536	85,104
Equipment/software maintenance and repairs	137,649	90,296
Office supplies	239,442	141,331
Printing	46,610	10,177
Postage	59,150	36,056
Bank service charges	16,408	14,475
Telephone	634,298	704,071
Advertising	97,756	395
Insurance	99,160	90,040
Dues	74,594	66,866
Recruiting/advocacy	43,344	43,899
Litigation	101,273	49,480
Miscellaneous	11,973	64,209
Administrative allocation	-	-
	5,614,931	5,889,372
Total other expenses	5,614,931	5,889,372
Total expenses before depreciation	32,535,288	30,112,795
Excess (deficiency) of support and revenue revenue over expenses before depreciation	216,950	143,129
Depreciation	195,586	198,267
Change in net assets	\$ 21,364	\$ (55,138)

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Legal Aid of NorthWest Texas
 Statements of Changes in Net Assets
 Years Ended December 31, 2022 and 2021

	2022									
	LSC	With Donor Restrictions			Total With Donor Restrictions	Without Donor Restrictions		Total Without Donor Restrictions	Total	
		Time and Purpose	Miscellaneous	Property		General	Property			
Excess (deficiency) of support and revenue over expenses	\$ 141,061	\$ -	\$ (110,387)	\$ (179,593)	\$ (148,919)	\$ 170,283	\$ -	\$ 170,283	\$ 21,364	
Other releases of restrictions										
Receipt of contributions	-	(120,000)	120,000	-	-	-	-	-	-	-
Retirement of long-term debt	(141,061)	-	-	141,061	-	4,840	(4,840)	-	-	-
Total releases of restrictions	(141,061)	(120,000)	120,000	141,061	-	4,840	(4,840)	-	-	-
Increase (decrease) in net assets	-	(120,000)	9,613	(38,532)	(148,919)	175,123	(4,840)	170,283	21,364	
Net assets, beginning of year	-	120,000	531,460	2,601,709	3,253,169	284,410	161,339	445,749	3,698,918	
Net assets, end of year	\$ -	\$ -	\$ 541,073	\$ 2,563,177	\$ 3,104,250	\$ 459,533	\$ 156,499	\$ 616,032	\$ 3,720,282	

	2021								
	LSC	With Donor Restrictions			Total With Donor Restrictions	Without Donor Restrictions		Total Without Donor Restrictions	Total
		Time and Purpose	Miscellaneous	Property		General	Property		
Excess (deficiency) of support and revenue over expenses	\$ 135,847	\$ 5,424	\$ (80,772)	\$ (182,276)	\$ (121,777)	\$ 82,631	\$ (15,992)	\$ 66,639	\$ (55,138)
Other releases of restrictions									
Receipt of contributions	-	(120,000)	120,000	-	-	-	-	-	-
Retirement of long-term debt	(135,847)	-	-	135,847	-	(10,740)	10,740	-	-
Total releases of restrictions	(135,847)	(120,000)	120,000	135,847	-	(10,740)	10,740	-	-
Increase (decrease) in net assets	-	(114,576)	39,228	(46,429)	(121,777)	71,891	(5,252)	66,639	(55,138)
Net assets, beginning of year	-	234,576	492,232	2,648,138	3,374,946	212,519	166,591	379,110	3,754,056
Net assets, end of year	\$ -	\$ 120,000	\$ 531,460	\$ 2,601,709	\$ 3,253,169	\$ 284,410	\$ 161,339	\$ 445,749	\$ 3,698,918

Legal Aid of NorthWest Texas

Private Attorney Involvement

Schedule of Expenses

Year Ended December 31, 2022

PERSONNEL EXPENSES

Salaries and wages	
Attorneys	\$ 331,733
Non-attorneys	683,504
Payroll taxes	75,893
Fringe benefits	<u>248,230</u>

Total personnel expenses 1,339,360

OTHER EXPENSES

Contract services	29,604
Travel and training	12,201
Occupancy	85,394
Purchases and materials	2,413
Equipment rentals	4,822
Equipment/software maintenance and repairs	4,480
Office supplies	12,140
Printing	7
Postage and freight	3,351
Telephone	39,000
Insurance	4,647
Litigation	797
Miscellaneous	590
Administrative Allocation	<u>98,965</u>

Total other expenses 298,411

TOTAL EXPENSES

\$ 1,637,771

Note: Private Attorney Involvement expenses included in LSC-PAI, BCLS-PAI, LSC Prop Bono Innovation, and DBA Jt Campaign represent approximately 15% of the Legal Services Corporation basic field grant of \$11,241,514.

Legal Aid of NorthWest Texas
 Basic Civil Legal Services (BCLS and BCLS PAI)
 Schedule of Revenues and Expenses
 Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
GRANT	\$ 9,154,547	\$ 8,740,000	\$ 414,547
EXPENSES			
Personnel			
Attorney salaries and wages	3,699,201	3,530,000	169,201
Non-attorney salaries and wages	2,003,996	2,077,000	(73,004)
	<u>5,703,197</u>	<u>5,607,000</u>	<u>96,197</u>
Payroll taxes and fringe benefits	<u>1,766,030</u>	<u>1,670,350</u>	<u>95,680</u>
Total personnel expenses	7,469,227	7,277,350	191,877
Total non-personnel	<u>1,685,320</u>	<u>1,462,650</u>	<u>222,670</u>
Total expenses	<u>9,154,547</u>	<u>8,740,000</u>	<u>414,547</u>
CHANGES IN GRANT REVENUE AND EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Legal Aid of NorthWest Texas
 Crime Victims Civil Legal Services (CVCLS)
 Schedule of Revenues and Expenses
 Year Ended December 31, 2022

	Actual	Budget	Over (Under) Budget
GRANT	\$ 467,185	\$ 510,185	\$ (43,000)
EXPENSES			
Personnel			
Attorney salaries and wages	263,274	283,000	(19,726)
Non-attorney salaries and wages	26,774	35,000	(8,226)
	290,048	318,000	(27,952)
Payroll taxes and fringe benefits	92,372	95,185	(2,813)
Total personnel expenses	382,420	413,185	(30,765)
Total non-personnel	84,765	97,000	(12,235)
Total expenses	467,185	510,185	(43,000)
CHANGES IN GRANT REVENUE AND EXPENSES	\$ -	\$ -	\$ -

Legal Aid of NorthWest Texas

Legal Aid to Veterans Schedule of Revenues and Expenses Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
GRANT	\$ 331,739	\$ 291,200	\$ 40,539
EXPENSES			
Personnel			
Attorney salaries and wages	137,512	118,000	19,512
Non-attorney salaries and wages	<u>66,538</u>	<u>66,600</u>	<u>(62)</u>
	204,050	184,600	19,450
Payroll taxes and fringe benefits	<u>65,774</u>	<u>55,000</u>	<u>10,774</u>
Total personnel expenses	269,824	239,600	30,224
Total non-personnel	<u>61,915</u>	<u>51,600</u>	<u>10,315</u>
Total expenses	<u>331,739</u>	<u>291,200</u>	<u>40,539</u>
CHANGES IN GRANT REVENUE AND EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Legal Aid of NorthWest Texas
 Legal Aid to Veterans II – Extended Services
 Schedule of Revenues and Expenses
 Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
GRANT	\$ 377,964	\$ 350,000	\$ 27,964
EXPENSES			
Personnel			
Attorney salaries and wages	175,006	149,000	26,006
Non-attorney salaries and wages	57,053	63,750	(6,697)
	<u>232,059</u>	<u>212,750</u>	<u>19,309</u>
Payroll taxes and fringe benefits	75,535	63,600	11,935
Total personnel expenses	307,594	276,350	31,244
Total non-personnel	<u>70,370</u>	<u>73,650</u>	<u>(3,280)</u>
Total expenses	<u>377,964</u>	<u>350,000</u>	<u>27,964</u>
CHANGES IN GRANT REVENUE AND EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Legal Aid of NorthWest Texas
 Legal Aid to Veterans - Supplemental
 Schedule of Revenues and Expenses
 Year Ended December 31, 2022

	Actual	Budget	Over (Under) Budget
GRANT	\$ 70,677	\$ 105,500	\$ (34,823)
EXPENSES			
Personnel			
Attorney salaries and wages	35,940	30,000	5,940
Non-attorney salaries and wages	5,299	32,000	(26,701)
	41,239	62,000	(20,761)
Payroll taxes and fringe benefits	13,788	18,630	(4,842)
Total personnel expenses	55,027	80,630	(25,603)
Total non-personnel	15,650	24,870	(9,220)
Total expenses	70,677	105,500	(34,823)
CHANGES IN GRANT REVENUE AND EXPENSES	\$ -	\$ -	\$ -

Legal Aid of NorthWest Texas
 Legal Aid to Survivors of Sexual Assault (LASSA)
 Schedule of Revenues and Expenses
 Year Ended December 31, 2022

	Actual	Budget	Over (Under) Budget
GRANT	\$ 1,110,793	\$ 1,236,450	\$ (125,657)
EXPENSES			
Personnel			
Attorney salaries and wages	528,248	595,000	(66,752)
Non-attorney salaries and wages	144,441	153,500	(9,059)
	672,689	748,500	(75,811)
Payroll taxes and fringe benefits	217,132	230,000	(12,868)
Total personnel expenses	889,821	978,500	(88,679)
Total non-personnel	220,972	257,950	(36,978)
Total expenses	1,110,793	1,236,450	(125,657)
CHANGES IN GRANT REVENUE AND EXPENSES	\$ -	\$ -	\$ -

Legal Aid of NorthWest Texas

Legal Aid – Employment Intersect Criminal/ Civil Justice
 Schedule of Revenues and Expenses
 Year Ended December 31, 2022

	Actual	Budget	Over (Under) Budget
GRANT	\$ 110,149	\$ 110,150	\$ (1)
EXPENSES			
Personnel			
Attorney salaries and wages	60,346	60,000	346
Non-attorney salaries and wages	11,918	11,500	418
	72,264	71,500	764
Payroll taxes and fringe benefits	19,890	21,000	(1,110)
Total personnel expenses	92,154	92,500	(346)
Total non-personnel	17,995	17,650	345
Total expenses	110,149	110,150	(1)
CHANGES IN GRANT REVENUE AND EXPENSES	\$ -	\$ -	\$ -

Legal Aid of NorthWest Texas
 Emergency Rental Assistance
 Schedule of Revenues and Expenses
 Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
GRANT	\$ 2,982,025	\$ 2,782,025	\$ 200,000
EXPENSES			
Personnel			
Attorney salaries and wages	1,277,993	1,272,000	5,993
Non-attorney salaries and wages	660,561	579,500	81,061
	<u>1,938,554</u>	<u>1,851,500</u>	<u>87,054</u>
Payroll taxes and fringe benefits	581,844	554,800	27,044
Total personnel expenses	2,520,398	2,406,300	114,098
Total non-personnel	461,627	375,725	85,902
Total expenses	<u>2,982,025</u>	<u>2,782,025</u>	<u>200,000</u>
CHANGES IN GRANT REVENUE AND EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Legal Aid of NorthWest Texas
 Emergency Rental Assistance 2
 Schedule of Revenues and Expenses
 Year Ended December 31, 2022

	Actual	Budget	Over (Under) Budget
GRANT	\$ 770,534	\$ 930,000	\$ (159,466)
EXPENSES			
Personnel			
Attorney salaries and wages	257,589	376,000	(118,411)
Non-attorney salaries and wages	241,779	260,700	(18,921)
	499,368	636,700	(137,332)
Payroll taxes and fringe benefits	177,086	191,000	(13,914)
Total personnel expenses	676,454	827,700	(151,246)
Total non-personnel	94,080	102,300	(8,220)
Total expenses	770,534	930,000	(159,466)
CHANGES IN GRANT REVENUE AND EXPENSES	\$ -	\$ -	\$ -

Federal and State Awards

Legal Aid of NorthWest Texas

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

FEDERAL GRANTOR/ PASSED THROUGH GRANTOR/ PROGRAM TITLE	Federal Assistance Listing Number	Contract Number	Federal Expenditures
Legal Services Corporation			
Legal Services Corporation			
Basic Field Grant	09.744050	744050	\$ 10,959,197
Pro Bono Innovation Fund	09.744050	GT-PB21S-00002	156,611
LSC Supplemental Disaster	09.744050	GT-21DSA-00012	86,910
TOTAL LEGAL SERVICES CORPORATION			11,202,718
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the City of Dallas			
Community Development Block Grant (Eviction Assistance Initiative) ⁽¹⁾	14.218	MGT-2021-00015316	218,095
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			218,095
U.S. DEPARTMENT OF TREASURY			
Internal Revenue Service			
Low Income Taxpayers Clinic	21.008	22-LITC0586-01-00	100,000
Passed through Tarrant County			
COVID-19: Emergency Rental Assistance Program	21.023	ERAE0080	122,520
Passed through Texas Access to Justice Foundation			
COVID-19: Emergency Rental Assistance Program	21.023	10087775	2,982,025
COVID-19: Emergency Rental Assistance Program	21.023	10089559	770,534
Total Federal Assistance Listing Number 21.023			3,875,079
Passed through the City of Dallas			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	OEI-2022-00018285	139,503
Passed through Texas Governor's Criminal Justice Division			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	1696416	602,157
Total Federal Assistance Listing Number 21.027			741,660
TOTAL U.S. DEPARTMENT OF TREASURY			4,716,739
U.S. DEPARTMENT OF JUSTICE			
Passed through Texas Governor's Criminal Justice Division			
Crime Victims Assistance - Rural Safe at Home Project	16.575	1696415	1,651,184
Passed through Dallas County District Attorney			
Crime Victims Assistance - Family Violence Extension Project	16.575	N/A	8,799
Total Federal Assistance Listing Number 16.575			1,659,983
Passed through SafeHaven of Tarrant County			
Legal Assistance for Victims	16.524	2017-WL-AX-0009	26,559
Passed through Equal Justice Works			
Crime Victims Assistance/Discretionary Grants	16.582	2020-OVC-EJP-007	35,977
TOTAL U.S. DEPARTMENT OF JUSTICE			1,722,519
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Passed through Recovery Resource Council			
Supportive Services for Veteran Families	64.033	N/A	7,586
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS			7,586
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Texas Department of Housing and Community Affairs			
Texas Homeowner Assistance Fund for Legal Services	93.568	22220003005	19,964
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			19,964
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 17,887,621

⁽¹⁾ Reported as CDGB-Entitlement Grants Cluster, as required by Compliance Supplement dated April 2022.

Legal Aid of NorthWest Texas
 Schedule of Expenditures of State Awards
 Year Ended December 31, 2022

STATE GRANTOR/ PASSED THROUGH GRANTOR/ PROGRAM TITLE	Contract Number	State Expenditures
SUPREME COURT OF TEXAS		
Texas Access to Justice Foundation		
Crime Victims Civil Legal Services	100839543 & 10086589	\$ 467,185
Basic Civil Legal Services	10083423	9,154,547
Legal Aid for Survivors of Sexual Assault	10083422	1,110,793
Legal Aid to Veterans	10083436	331,739
Legal Aid to Veterans II - Extended Services	10083837	377,964
Legal Aid to Veterans - Supplemental	10088896	70,677
Legal Aid - Employment Intersect Criminal/Civil Justice	10083925	110,149
TOTAL SUPREME COURT OF TEXAS		11,623,054
OFFICE OF THE ATTORNEY GENERAL		
Other Victims Assistance Grant	2216612 & C-00383	172,964
TOTAL OFFICE OF THE ATTORNEY GENERAL		172,964
TOTAL EXPENDITURES OF STATE AWARDS		\$ 11,796,018

Legal Aid of NorthWest Texas

Notes to the Schedule of Expenditures of Federal and State Awards

Note 1. Basis of Presentation

The Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards (the Schedules) include the federal and state grant activity of Legal Aid of NorthWest Texas (LANWT) under programs of the federal and state government for the year ended December 31, 2022. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The information in the Schedule of Expenditures of State Awards is presented in accordance with the requirements of the Texas Grant Management Standards (TxGMS). Because the Schedules present only a selected portion of the operations of Legal Aid of NorthWest Texas, they are not intended to and do not present the financial position, changes in net assets, or cash flows of LANWT.

The Schedules are presented using the accrual basis of accounting. The expenditures are reported based on LANWT's year-end. Expenditure reports to funding agencies are prepared based on award periods. See Note 1 of the Notes to the Financial Statements for LANWT's significant accounting policies.

Note 2. Indirect Cost Rate

Uniform Guidance allows non-federal entities, such as LANWT, to elect to charge a de minimis rate of ten percent of modified direct costs as its indirect cost rate that may be used indefinitely. LANWT chose not to utilize the de minimis rate.

Note 3. Changes in Grant Management Standards

In December 2021, the Texas Comptroller published the Texas Grant Management Standards (TxGMS) which replaces Uniform Grant Management Standards (UGMS). TxGMS applied to state grants or contracts that begin on or after January 1, 2022.



**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**

To the Board of Directors of
Legal Aid of NorthWest Texas

We have audited, in accordance with the 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, the financial statements of Legal Aid of NorthWest Texas (LANWT), which comprise the Statement of Financial Position as of December 31, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, and have issued our report thereon dated April 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LANWT's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LANWT's internal control. Accordingly, we do not express an opinion on the effectiveness of LANWT's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LANWT's financial statements are free from 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 financial statements. 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*.

The Board of Directors of
Legal Aid of NorthWest Texas

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
April 28, 2023



**Independent Auditor's Report on Compliance for Each
Major Federal and State Program and Report on Internal Control
Over Compliance in Accordance with the Uniform Guidance
and Texas Grant Management Standards**

To the Board of Directors of
Legal Aid of NorthWest Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Legal Aid of NorthWest Texas' (LANWT) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the Texas Grant Management Standards that could have a direct and material effect on each of LANWT's major federal and state programs for the year ended December 31, 2022. LANWT's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, LANWT 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 and state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the Texas Grant Management Standards (TxGMS). Our responsibilities under those standards, the Uniform Guidance and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LANWT and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of LANWT's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to LANWT's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LANWT's compliance based on our audit. 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 GAAS, Government Auditing Standards, the Uniform Guidance and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LANWT's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, the Uniform Guidance and TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 LANWT's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of LANWT's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of LANWT's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on LANWT's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. LANWT's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 and state 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 and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on LANWT's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. LANWT's response was not subjected to the other auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
April 28, 2023

Legal Aid of NorthWest Texas

Schedule of Findings and Questioned Costs

Year Ended December 31, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? 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 that are not considered to be material weakness(es)? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? Yes No

Identification of major programs:

Federal Assistance Listing Number:

09.744050	Legal Services Corporation – Basic Field Grant, Telework Capacity Building, COVID-19 Response and Pro Bono Innovation Fund
21.023	COVID-19: Emergency Rental Assistance Program
16.575	Crime Victims Assistance – Rural Safe at Home Project

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee? Yes No

Legal Aid of Northwest Texas

Schedule of Findings and Questioned Costs - Continued Year Ended December 31, 2022

State Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with TxGMS?

Yes No

Identification of major programs:

Basic Civil Legal Services

Legal Aid to Veterans

Dollar threshold used to distinguish between type A and type B programs?

\$750,000

Legal Aid of Northwest Texas

Schedule of Findings and Questioned Costs - Continued

Year Ended December 31, 2022

Section II – Financial Statement Findings

None noted.

Section III – Federal and State Award Findings and Questioned Costs

Finding 2022-001

Major Federal Program: 09.744050 – Legal Services Corporation – Basic Field Grant

Compliance Requirements: Allowable Activities

Criteria: The Compliance Supplement for Audits of LSC Recipients and LSC Regulations 45 CFR§ 1620.6 require that all staff who handle cases or matters, or make decisions about which cases to accept, are required to sign an agreement indicating that the staff has read and understands the priorities established by the governing body of the entity; has read and understands the definition of an emergency situation and the procedures for dealing with an emergency that falls outside of the entity's established priorities; and will not undertake any case or matter for the recipient that is not a priority or an emergency. Audit procedures revealed that these signed agreements were not adequately reviewed and retained for all employees for the year ended December 31, 2022.

Condition: (X) Compliance Finding (X) Significant Deficiency () Material Weakness

Context: Of 40 staff selected for testing, signed agreements were unable to be located for 4 individuals.

Effect and Questioned Costs: Ineligible cases or matters could be undertaken outside of the entity's established priorities, and may result in materially misstating cases or matters served both for grant compliance and financial reporting. Questioned costs were indeterminable.

Recommendation: We recommend that files for all employees who handle cases or matters be thoroughly reviewed, to ensure timely completeness and signing of agreements in order to be in compliance with grant requirements. We also recommend review procedures be put in place to ensure the agreements are signed appropriately and timely.

Response: See Corrective Action Plan

Legal Aid of Northwest Texas

Status of Prior Year Findings
Year Ended December 31, 2022

Section IV – Summary Schedule of Prior Audit Findings

None noted.



Legal Aid of North West Texas

600 East Weatherford Street, Fort Worth, Texas 76102
817-649-4740 (fax) 817-649-4759

www.lanwt.org

With offices in Abilene, Amarillo, Brownwood, Dallas, Denton, Fort Worth, Lubbock, McKinney, Midland, Odessa, Plainview, San Angelo, Waxahachie, Weatherford and Wichita Falls

Section V – Corrective Action Plan

Finding 2022-001

Major Federal Program: 09.744050 – Legal Services Corporation – Basic Field Grant

Compliance Requirements: Allowable Activities

Response: The LANWT Board of Directors reviews and adopts case and matter priorities as guidance to LANWT staff for the delivery of legal services and advocacy to eligible applicants seeking assistance. LANWT's current protocol regarding case and matter priorities, adopted in 2022, provides that the Case & Matter Priority Policy (Policy) is given to employees several different times during their onboarding with the firm and then again each year thereafter.

Employees first receive a copy of the Policy from LANWT Human Resources (HR) during New Employee Orientation (NEO). The employee signs an acknowledgement confirming they have received the Policy and they will review it. HR retains the signed acknowledgement from each employee in the employee's personnel file.

Employees train on the Policy during the Branch NEO with their manager. The managers use the Branch NEO Checklist (Checklist) during their training to identify important policies and procedures. The branch NEO training consists of reviewing the Policy with the employee, ensuring they know the location of the Policy for future reference, what defines a priority case and matter, what an emergency is and the procedure for handling an emergency. Upon completing the training, employees sign the Branch NEO Checklist acknowledging they have received and reviewed the Policy. HR places the signed Checklist in each employee's personnel file.

During Onboard Training with employees, facilitated by the Directors of Litigation, the Policy is provided, reviewed and any questions answered. Any updated Case & Matter Priority Policy is published to employees for review and use. To ensure ongoing compliance with the regulation, LANWT supervising and managing attorneys attend case staffing and supervise the acceptance of cases pursuant to the Policy. Managers submit written confirmation to LANWT's Chief Executive Officer (CEO) that their staff have complied with the Policy on a quarterly basis.

LANWT will:

1. Review and revise the acknowledgement documentation for its Case & Matter Priority Policy within 30 days;
2. Provide guidance to managers and relevant administrative staff on completion and retention of the documentation during NEO process and during any other relevant times determined by LANWT; and

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3. Provide the revised acknowledgement documentation to all intake staff, advocates and those staff having authority to make case selection decisions and have them sign within 60 days.

Date of Completion: July 7, 2023

Person Responsible to Ensure Completion: Maria Thomas-Jones, CEO