

**SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.**

**Marion, Virginia**

**AUDITED FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY INFORMATION**

**December 31, 2010**

**With Comparative Totals For 2009**

SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.

Marion, Virginia

AUDITED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Southwest Virginia Legal Aid Society, Inc.

Ladies and Gentlemen:

We have audited the accompanying statements of financial position of Southwest Virginia Legal Aid Society, Inc., as of December 31, 2010 and 2009, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of Legal Aid's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards, issued by the Comptroller General of the United States and Legal Services Corporation's Audit Guide for Recipients and Auditors. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Virginia Legal Aid Society, Inc. at December 31, 2010 and 2009, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report, dated March 11, 2011, on our consideration of Southwest Virginia Legal Aid Society, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

**Hicok, Fern, Brown & Garcia**  
*Certified Public Accountants*

INDEPENDENT AUDITORS' REPORT

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplementary information, including the Schedule of Federal Awards, is presented for purposes of additional analysis as is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements of Southwest Virginia Legal Aid Society, Inc. Such information has been subjected to the auditing procedures applied in the audits of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Hicok Fern Brown & Garcia*  
HICOK, FERN, BROWN & GARCIA  
CERTIFIED PUBLIC ACCOUNTANTS

March 11, 2011

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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  
Southwest Virginia Legal Aid Society, Inc.

We have audited the financial statements of the Southwest Virginia Legal Aid Society, Inc., as of and for the year ended December 31, 2010, and have issued our report thereon dated March 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

This report is intended for the information of management, the audit committee and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Hicok Fern Brown & Garcia*  
HICOK, FERN, BROWN & GARCIA  
CERTIFIED PUBLIC ACCOUNTANTS

March 11, 2011

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors  
Southwest Virginia Legal Aid Society, Inc.

### Compliance

We have audited the compliance of Southwest Virginia Legal Aid Society, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs and the Compliance Supplement for Audits of LSC Recipients and Legal Service Corporation's Audit Guide for Recipients and Auditors for the year ended December 31, 2010. Southwest Virginia Legal Aid Society, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Southwest Virginia Legal Aid Society, Inc.'s management. Our responsibility is to express an opinion on Southwest Virginia Legal Aid Society, Inc.'s compliance based on our audit.

We conducted our audit in accordance with generally accepted auditing standards accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program had occurred. An audit includes examining, on a test basis, evidence about Southwest Virginia Legal Aid Society, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our audit does not provide a legal determination on Southwest Virginia Legal Aid Society, Inc.'s compliance with those requirements.

In our opinion, Southwest Virginia Legal Aid Society, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and the LSC program for the year ended December 31, 2010.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Internal Control Over Compliance

The management of Southwest Virginia Legal Aid Society, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Southwest Virginia Legal Aid Society, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program or on the LSC program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwest Virginia Legal Aid Society Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

  
HICOK, FERN, BROWN & GARCIA  
CERTIFIED PUBLIC ACCOUNTANTS

March 11, 2011

## SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.

Exhibit A

Marion, Virginia

## STATEMENT OF FINANCIAL POSITION

December 31, 2010 with Comparative Totals for 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash & cash equivalents (NOTE A)	\$ 954,417	\$ 1,046,641
Cash in escrow - client deposits	5,617	11,144
Accounts receivable	106,429	88,582
Payroll advance	32,584	-
Property, plant & equipment (NOTE B)	366,710	363,415
Accumulated depreciation (NOTE B)	<u>(182,110)</u>	<u>(172,137)</u>
TOTAL ASSETS	<u>\$ 1,283,647</u>	<u>\$ 1,337,645</u>
<u>LIABILITIES &amp; NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 7,635	\$ 9,238
Client escrow deposits	5,617	11,144
Accrued wages	69,024	-
Deferred revenue	-	123,657
Accrued vacation pay	<u>101,587</u>	<u>102,299</u>
TOTAL LIABILITIES	<u>183,863</u>	<u>246,338</u>
NET ASSETS		
Unrestricted	216,173	203,380
Temporarily restricted:		
Legal Services Corporation grant	42,043	64,693
Legal Services Corporation property	<u>184,605</u>	<u>191,283</u>
	226,648	255,976
Non - LSC	<u>656,963</u>	<u>631,951</u>
TOTAL TEMPORARILY RESTRICTED	<u>883,611</u>	<u>887,927</u>
TOTAL NET ASSETS	<u>1,099,784</u>	<u>1,091,307</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 1,283,647</u>	<u>\$ 1,337,645</u>

The Notes to Financial Statements are an integral part of this statement.

SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.  
Marion, Virginia

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2010, with Comparative Totals for 2009

	UNRESTRICTED	TEMPORARILY RESTRICTED			2010 TOTAL	2009 TOTAL
		LSC	NON - LSC	TOTAL		
REVENUES:						
Grant	\$ 14,592	\$ 944,727	\$ 1,856,272	\$ 2,800,999	\$ 2,815,591	\$ 2,662,839
Other	5,803	(2,875)	18,910	16,035	21,838	8,247
Interest income	3,727	2,281	-	2,281	6,008	12,019
Net assets released from restrictions	2,820,368	(965,938)	(1,854,430)	(2,820,368)	-	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>2,844,490</b>	<b>(21,805)</b>	<b>20,752</b>	<b>(1,053)</b>	<b>2,843,437</b>	<b>2,683,105</b>
EXPENSES:						
LSC - General	784,318	-	-	-	784,318	604,288
LSC - Private Attorney Involvement	129,463	-	-	-	129,463	142,979
LSC - Carryover	52,316	-	-	-	52,316	-
LSC of VA - State Funds	1,118,095	-	-	-	1,118,095	1,303,223
LSC of VA - IOTA	193,095	-	-	-	193,095	193,094
Guardianship program	61,220	-	-	-	61,220	65,368
NRV Foundation	631	-	-	-	631	505
Area Agencies on Aging	11,146	-	-	-	11,146	10,311
Virginia Law Foundation	15,148	-	-	-	15,148	12,256
Department of Justice	284,771	-	-	-	284,771	293,673
DCJS of VA V - STOP	12,140	-	-	-	12,140	38,004
V-STOP Recovery	67,345	-	-	-	67,345	-
Virginia Domestic Violence	68,971	-	-	-	68,971	68,639
Combined United Way	14,592	-	-	-	14,592	14,793
Housing Grant	19,890	-	-	-	19,890	65,867
EJA Grant	-	-	-	-	-	5,500
Legal Assistance Grant	1,696	-	-	-	1,696	2,205
GOLR	123	-	-	-	123	-
Tech Grant	-	-	-	-	-	3,305
<b>TOTAL EXPENSES</b>	<b>2,834,960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,834,960</b>	<b>2,824,010</b>
CHANGES IN NET ASSETS						
Transfers in (out)	9,530	(21,805)	20,752	(1,053)	8,477	(140,905)
	3,263	(7,523)	4,260	(3,263)	-	-
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>203,380</b>	<b>255,976</b>	<b>631,951</b>	<b>887,927</b>	<b>1,091,307</b>	<b>1,232,212</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 216,173</b>	<b>\$ 226,648</b>	<b>\$ 656,963</b>	<b>\$ 883,611</b>	<b>\$ 1,099,784</b>	<b>\$ 1,091,307</b>

## SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.

Exhibit C

Marion, Virginia

## STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2010 with Comparative Totals for 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 8,477	\$ (140,905)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,557	26,282
Loss on disposal of equipment	2,875	5,576
(Increase) decrease in:		
Accounts receivable	(17,847)	16,732
Payroll advances	(32,584)	-
Increase (Decrease) in:		
Trade accounts payable	(1,603)	1,249
Deferred revenue	(123,657)	123,657
Escrow deposits	(5,527)	7,223
Accrued wages	69,024	-
Accrued expenses and vacation pay	(712)	23,685
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(77,997)</u>	<u>63,499</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>(19,754)</u>	<u>(10,372)</u>
NET INCREASE (DECREASE) IN CASH	(97,751)	53,127
CASH AT BEGINNING OF YEAR	<u>1,057,785</u>	<u>1,004,658</u>
CASH AT END OF YEAR	<u>\$ 960,034</u>	<u>\$ 1,057,785</u>

The Notes to Financial Statements are an integral part of this statement.

SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES

Business Activity

The Southwest Virginia Legal Aid Society, Inc. (SVLAS) is a nonprofit corporation organized for the purpose of providing legal assistance in noncriminal proceedings or matters to persons financially unable to afford legal assistance in Southwest Virginia.

The Society is funded principally through grants from the Legal Services Corporation (LSC) and Legal Services Corporation of Virginia (LSCV), which are nonprofit corporations established by federal and state governments to administer a legal assistance program. The Society maintains its books using fund accounting.

Financial Statement Presentation

Southwest Virginia Legal Aid Society, Inc.'s financial statements are presented in accordance with Financial Accounting Standards Board Codification 958-208 and 958-605. Net assets of the organization are reported based on the existence of donor or grantor imposed restrictions. The following classifications are used to report the net assets of Southwest Virginia Legal Aid Society, Inc.

Temporarily Restricted - The part of the net assets of the organization resulting (a) from inflows of assets whose use by the organization is limited by donor or grantor imposed stipulations that either expires by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and from reclassification to or (c) from other classes of net assets as a consequence of donor or grantor imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the organization pursuant to those stipulations.

Unrestricted - The part of net assets of the organization that is not temporarily restricted by donor or grantor imposed stipulations.

Southwest Virginia Legal Aid Society, Inc. reports grants of cash and other assets as restricted support if they are received with grantor stipulations that limit the use of the grant assets. When the grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2010

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

Cash and Cash Equivalents

Southwest Virginia Legal Aid Society, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounting Method

Southwest Virginia Legal Aid Society, Inc. uses the accrual method of accounting for financial reporting. Under this method, revenues and expenses are reflected in the accounts in the period in which they are considered to have been earned or incurred.

Income Taxes

Southwest Virginia Legal Aid Society, Inc. is a non-profit corporation generally exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. Also, Southwest Virginia Legal Aid Society, Inc.'s unrelated business income is exempt generally under Sections 511-515 of the Internal Revenue Code.

Donated Services and Materials

Southwest Virginia Legal Aid Society, Inc. reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts or grants of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Southwest Virginia Legal Aid Society, Inc. reports expirations of donor restrictions starting in the year the asset is placed in service.

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment purchased is stated at cost. Donated property is recorded at market value prevailing at date of donation. Depreciation for fixed assets has been provided over the following estimated useful lives using the straight-line method. Depreciation expense for the year amounted to \$23,557.

Building.....	40 years
Furniture and Fixtures.....	5-10 years

(CONTINUED)

SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2010

NOTE B - PROPERTY AND EQUIPMENT (CONTINUED)

A summary of the changes in property, plant, and equipment is as follows:

	Balance Dec. 31, 2009	Additions	Deletions	Balance Dec. 31, 2010
Building and Land	\$ 131,000	\$ ---	\$ ---	\$ 131,000
Law Library	31,954	---	---	31,954
Furniture & fixtures	200,461	19,754	(16,459)	203,756
TOTALS	<u>\$ 363,415</u>	<u>\$ 19,754</u>	<u>\$ (16,459)</u>	<u>\$ 366,710</u>

NOTE C - EMPLOYEE BENEFIT PLAN

The Southwest Virginia Legal Aid Society, Inc. has a Tax Shelter Annuity salary deferral plan covering substantially all employees.

NOTE D - INTEREST INCOME

The Southwest Virginia Legal Aid Society, Inc. allocates the amount of revenue it receives from GAL Fees and Interest Income to the Federal Legal Services Corporation grant and to unrestricted income. This allocation is based on the amount of federal and state grant revenues received. The amounts allocated to each program for 2010 are as follows:

	INTEREST INCOME
LSC General	\$ 2,281
Unrestricted	3,727
Total	<u>\$ 6,008</u>

NOTE E - TRANSFER

Transfers were made from LSC funds to fund current year deficits in the Private Bar Involvement, LSC Carryover and Guardianship funds. Transfers were made from LSCV State funds to the Housing grant, VSTOP and VA Domestic Victims funds to fund current year deficits. Transfers were made to move excess funds from Legal Assistance, VA Law Foundation and United Way funds into Unrestricted funds.

SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.

Marion, Virginia

SUPPLEMENTARY INFORMATION

December 31, 2010

SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.  
 SCHEDULE OF FUNCTIONAL EXPENSES  
 For the Year Ended December 31, 2010

Schedule 1

EXPENSE CLASSIFICATION

Program	SALARIES/ BENEFITS	TRAVEL/ MEETINGS	MATERIAL/ SUPPLIES	CONTRACT- UAL	OTHERS	DEPREC- IATION	LAW LIBRARY	TOTALS
LSC General	\$ 624,405	\$ 11,168	\$ 33,247	\$ 54,823	\$ 28,276	\$ 23,557	\$ 8,681	\$ 784,157
LSC Private Attorney								
Involvement	35,614	1,539	1,362	88,172	2,521	-	257	129,465
LSC Carryover	52,316	-	-	-	-	-	-	52,316
LSC of Virginia-State								
Funds	962,398	36,000	21,272	49,500	37,035	-	11,890	1,118,095
LSC of Virginia-IOTA	171,845	5,150	2,850	6,625	5,200	-	1,425	193,095
Guardianship program	51,478	3,425	1,222	3,522	1,733	-	-	61,380
GOLR	-	-	123	-	-	-	-	123
NRV Foundation	-	-	631	-	-	-	-	631
Area Agencies on Aging	10,996	23	30	63	34	-	-	11,146
Virginia Law Foundation		12,819	2,329	-	-	-	-	15,148
Department of Justice	205,083	4,366	-	75,320	-	-	-	284,769
DCJS of Virginia V-STOP	11,358	-	-	782	-	-	-	12,140
V-STOP Recovery	64,884	-	-	2,461	-	-	-	67,345
Va. Domestic Violence	66,026	-	-	2,945	-	-	-	68,971
Combined United Way	14,592	-	-	-	-	-	-	14,592
Housing	17,857	256	455	845	377	-	100	19,890
Legal Assistance Grant	1,544	32	36	47	31	-	7	1,697
<b>TOTAL EXPENSES</b>	<b>\$2,290,396</b>	<b>\$ 74,778</b>	<b>\$ 63,557</b>	<b>\$ 285,105</b>	<b>\$ 75,207</b>	<b>\$ 23,557</b>	<b>\$ 22,360</b>	<b>\$2,834,960</b>

See accountants' report.

SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2010

Schedule 2

Federal Granting Agency/ Recipient State Agency/ <u>Grant Program/Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Revenues Federal</u>	<u>Expenditures</u>
Legal Services Corporation: Direct Payments:			
Legal Services Grant*	-	\$ 944,727	\$ 1,021,974
NFMC			
Pass Through Payments			
West Tennessee Legal Services			
National Foreclosure Mitigation Counseling	21.000PL110-289		
Legal Assistance	95X1350	3,218	3,218
National Foreclosure Mitigation Counseling	21.000PL110-289		
Program Round 2	95X1350	25,014	25,014
Total NFMC		28,232	28,232
Department of Criminal Justice Services			
Direct Payments			
Legal Assistance for Victims	16.524	284,776	284,769
Violence Against Women	16.588	67,345	67,345
V - STOP Grant	16.575	11,692	12,140
Total Department of Criminal Justice Services		363,813	364,254
Total		\$ 1,336,772	\$ 1,414,460

\* Denotes Major Program

See accountants' report.

I. SUMMARY OF AUDIT RESULTS

- A. The Auditors' report expresses an unqualified opinion on the financial statements.
- B. There were no instances on noncompliance material to the financial statements of Southwest Virginia Legal Aid Society, Inc.
- C. There was no instance of noncompliance material to the financial statements of Southwest Virginia Legal Aid Society which would be required to be reported in accordance with Governmental Auditing Standards.
- D. There were no instances of noncompliance material to the Auditor's Report on Compliance With Requirements Applicable to each Major Program and Internal Control Over Financial Reporting for Southwest Virginia Legal Aid Society, inc. under OMB Circular A-133.
- E. Major programs as identified on the Schedule of Expenditures of Federal Awards were tested as major programs.
- F. The dollar threshold for distinguishing Types A and B programs was \$300,000.
- G. Southwest Legal Aid Society, Inc. was determined to be a low risk auditee.

II. SCHEDULE OF FINDINGS AND QUESTIONS COST

<u>PROGRAM</u>	<u>CATALOGUE NUMBER</u>	<u>FINDINGS</u>	<u>QUESTIONED COST</u>
Legal Services Grant	N/A	None	None

SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS  
For The Year Ended December 31, 2010

	Legal Service Corp.			Legal Service Corp. of VA			
	General	Private Attorney Involvement	Regular Carryover	State Funds	IOTA	Guardianship	GOLR Donation
<b>REVENUES:</b>							
Grants	\$ 826,636	\$ 118,091	\$ -	\$ 1,239,623	\$ 110,715	\$ 53,699	\$ -
Interest income	2,281	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	1,075
<b>Total support &amp; revenues</b>	<b>828,917</b>	<b>118,091</b>	<b>-</b>	<b>1,239,623</b>	<b>110,715</b>	<b>53,699</b>	<b>1,075</b>
<b>EXPENSES:</b>							
Salaries & wages	411,632	28,016	-	854,652	121,609	35,144	-
Payroll taxes	58,137	2,394	-	40,500	10,200	2,987	-
Fringe benefits	154,636	5,204	52,316	67,246	40,036	13,347	-
Travel & training	11,168	1,539	-	36,000	5,150	3,425	-
Telephone	12,259	737	-	26,000	3,500	1,640	-
Space & occupancy	48,460	2,274	-	43,200	6,125	2,447	-
Library up-keep	8,681	257	-	11,890	1,425	-	-
Supplies	33,247	1,362	-	21,272	2,850	1,222	123
Insurance	6,659	770	-	6,000	700	1,118	-
Professional dues	3,160	-	-	7,835	1,000	50	-
Professional services	6,833	86,900	-	3,500	500	-	-
Litigation	1,323	12	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Recruitment	1,227	-	-	-	-	-	-
Other expense	3,178	-	-	-	-	-	-
<b>Total expense</b>	<b>760,600</b>	<b>129,465</b>	<b>52,316</b>	<b>1,118,095</b>	<b>193,095</b>	<b>61,380</b>	<b>123</b>
<b>REVENUES OVER (UNDER) EXPENSES</b>	<b>68,317</b>	<b>(11,374)</b>	<b>(52,316)</b>	<b>121,528</b>	<b>(82,380)</b>	<b>(7,681)</b>	<b>952</b>
<b>OTHER CHANGES IN NET ASSETS:</b>							
Acquisition of property	(19,754)	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-
Transfer in (out)	(206,153)	146,314	52,316	(39,796)	-	7,523	-
<b>BEGINNING NET ASSETS</b>	<b>199,633</b>	<b>(134,940)</b>	<b>-</b>	<b>518,506</b>	<b>96,545</b>	<b>(8,165)</b>	<b>-</b>
<b>ENDING NET ASSETS</b>	<b>\$ 42,043</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 600,238</b>	<b>\$ 14,165</b>	<b>\$ (8,323)</b>	<b>\$ 952</b>

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SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.  
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
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	NRV Foundation	Combined United Way	AASC	District III	NRV Area on Aging	Mountain Empire Older Citizens	Va Law Foundation
REVENUES:							
Grants	\$ -	\$ 14,592	\$ 2,500	\$ 4,000	\$ 3,844	\$ 3,000	\$ -
Interest income	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	17,835
Total support & revenues	-	14,592	2,500	4,000	3,844	3,000	17,835
EXPENSES:							
Salaries & wages	-	14,592	2,424	4,200	3,583	479	-
Payroll taxes	-	-	-	20	72	5	-
Fringe benefits	-	-	-	40	158	15	-
Travel & training	-	-	-	7	12	4	12,819
Telephone	-	-	-	6	26	2	-
Space & occupancy	-	-	-	12	50	1	-
Library up-keep	-	-	-	-	-	-	-
Supplies	631	-	-	12	17	1	2,329
Insurance	-	-	-	-	-	-	-
Professional dues	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Recruitment	-	-	-	-	-	-	-
Other expense	-	-	-	-	-	-	-
Total expense	631	14,592	2,424	4,297	3,918	507	15,148
REVENUES OVER (UNDER) EXPENSES	(631)	-	76	(297)	(74)	2,493	2,687
OTHER CHANGES IN NET ASSETS:							
Acquisition of property	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-
Transfer in (out)	-	(525)	-	-	-	-	(2,687)
BEGINNING NET ASSETS	2,075	525	9,996	21,063	1,240	6,758	-
ENDING NET ASSETS	\$ 1,444	\$ -	\$ 10,072	\$ 20,766	\$ 1,166	\$ 9,251	\$ -

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SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.  
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
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	V-Stop	V-Stop Recovery	Va DV Victim	Dept of Justice	Black Lung	Housing Grant	Legal Assist Grant
<b>REVENUES:</b>							
Grants	\$ 11,692	\$ 67,345	\$ 46,846	\$ 284,776	\$ -	\$ 25,014	\$ 3,218
Interest income	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
<b>Total support &amp; revenues</b>	<b>11,692</b>	<b>67,345</b>	<b>46,846</b>	<b>284,776</b>	<b>-</b>	<b>25,014</b>	<b>3,218</b>
<b>EXPENSES:</b>							
Salaries & wages	8,959	50,374	56,100	156,648	-	13,001	1,169
Payroll taxes	861	3,868	4,291	13,176	-	1,239	105
Fringe benefits	2,320	13,103	8,580	35,259	-	3,617	270
Travel & training	-	-	-	4,366	-	256	32
Telephone	-	-	-	-	-	377	31
Space & occupancy	-	-	-	-	-	845	47
Library up-keep	-	-	-	-	-	100	7
Supplies	-	-	-	-	-	455	36
Insurance	-	-	-	-	-	-	-
Professional dues	-	-	-	-	-	-	-
Professional services	-	-	-	75,320	-	-	-
Litigation	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Recruitment	-	-	-	-	-	-	-
Other expense	-	-	-	-	-	-	-
<b>Total expense</b>	<b>12,140</b>	<b>67,345</b>	<b>68,971</b>	<b>284,769</b>	<b>-</b>	<b>19,890</b>	<b>1,697</b>
<b>REVENUES OVER (UNDER) EXPENSES</b>	<b>(448)</b>	<b>-</b>	<b>(22,125)</b>	<b>7</b>	<b>-</b>	<b>5,124</b>	<b>1,521</b>
<b>OTHER CHANGES IN NET ASSETS:</b>							
Acquisition of property	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-
Transfer in (out)	448	-	22,125	-	-	17,223	(576)
<b>BEGINNING NET ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,225</b>	<b>(22,347)</b>	<b>(945)</b>
<b>ENDING NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7</b>	<b>\$ 7,225</b>	<b>\$ -</b>	<b>\$ -</b>

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SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC.  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS  
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	Unrestricted	Property	Total Memorandum 2010
<b>REVENUES:</b>			
Grants	\$ -	\$ -	\$ 2,815,591
Interest income	3,727	-	6,008
Miscellaneous	5,803	-	24,713
<b>Total support &amp; revenues</b>	<b>9,530</b>	<b>-</b>	<b>2,846,312</b>
<b>EXPENSES:</b>			
Salaries & wages	-	-	1,762,582
Payroll taxes	-	-	137,855
Fringe benefits	-	-	396,147
Travel & training	-	-	74,778
Telephone	-	-	44,578
Space & occupancy	-	-	103,461
Library up-keep	-	-	22,360
Supplies	-	-	63,557
Insurance	-	-	15,247
Professional dues	-	-	12,045
Professional services	-	-	173,053
Litigation	-	-	1,335
Depreciation	-	23,557	23,557
Recruitment	-	-	1,227
Other expense	-	-	3,178
<b>Total expense</b>	<b>-</b>	<b>23,557</b>	<b>2,834,960</b>
<b>REVENUES OVER (UNDER) EXPENSES</b>	<b>9,530</b>	<b>(23,557)</b>	<b>11,352</b>
<b>OTHER CHANGES IN NET ASSETS:</b>			
Acquisition of property	-	19,754	-
Gain (loss) on disposal of assets	-	(2,875)	(2,875)
Transfer in (out)	3,788	-	-
<b>BEGINNING NET ASSETS</b>	<b>202,855</b>	<b>191,283</b>	<b>1,091,307</b>
<b>ENDING NET ASSETS</b>	<b>\$ 216,173</b>	<b>\$ 184,605</b>	<b>\$ 1,099,784</b>

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