

# 2021

Three Rivers Legal Services, Inc.

Financial Statements and  
Independent Auditor's Report

December 31, 2021

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**THREE RIVERS LEGAL SERVICES, INC.  
GAINESVILLE, FLORIDA**

**LSC GRANT RECIPIENT #610061**

**DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Three Rivers Legal Services, Inc.  
Gainesville, Florida

### Opinion

We have audited the accompanying financial statements of Three Rivers Legal Services, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and December 31, 2020, 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 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. 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 the Organization 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 audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibility 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,

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Three Rivers Legal Services, Inc.  
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## INDEPENDENT AUDITOR'S REPORT

therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, including the supplemental schedule of changes in net assets, the supplemental schedule of delivery methods, the schedule of support, revenue, expenses, and changes in net assets for LSC funds, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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

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### INDEPENDENT AUDITOR'S REPORT

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 information 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 27, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 the Organization's 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 the Organization's internal control over financial reporting and compliance.



April 27, 2022  
Gainesville, Florida

## **FINANCIAL STATEMENTS**

**STATEMENTS OF FINANCIAL POSITION**  
**THREE RIVERS LEGAL SERVICES, INC.**  
**DECEMBER 31, 2021 AND 2020**  
**GAINESVILLE, FLORIDA**

|   | <u>2021</u>                | <u>2020</u>                |
|---|----------------------------|----------------------------|
| <b>Assets</b>                           |                            |                            |
| Current Assets:                         |                            |                            |
| Cash and Cash Equivalents               | \$ 1,372,097               | \$ 2,059,698               |
| Cash in Trust                           | 1,067                      | 16,158                     |
| Grants and Other Receivables            | 193,561                    | 216,292                    |
| Prepaid Expenses                        | 68,420                     | 69,374                     |
| Deposits                                | 12,948                     | 12,948                     |
| Total Current Assets                    | <u>1,648,093</u>           | <u>2,374,470</u>           |
| Property and Equipment:                 |                            |                            |
| Building and Land                       | 418,637                    | 418,637                    |
| Equipment                               | 103,349                    | 92,593                     |
| Furniture                               | 20,346                     | 20,346                     |
| Software                                | 13,290                     | 13,290                     |
|   | <u>555,622</u>             | <u>544,866</u>             |
| (Less Accumulated Depreciation)         | (274,960)                  | (248,215)                  |
| Total Property and Equipment            | <u>280,662</u>             | <u>296,651</u>             |
| <b>Total Assets</b>                     | <u><u>1,928,755</u></u>    | <u><u>2,671,121</u></u>    |
| <b>Liabilities and Net Assets</b>       |                            |                            |
| Current Liabilities:                    |                            |                            |
| Accounts Payable                        | 14,247                     | 27,045                     |
| Accrued Payroll and Benefits            | 295,033                    | 299,653                    |
| Revenue Received in Advance             | 319,966                    | 692,069                    |
| Client Escrow                           | 1,067                      | 16,158                     |
| Current Portion of Long-Term Debt       | 14,824                     | 317,843                    |
| Total Current Liabilities               | <u>645,137</u>             | <u>1,352,768</u>           |
| Long-Term Debt                          | <u>230,004</u>             | <u>355,241</u>             |
| <b>Total Liabilities</b>                | <u>875,141</u>             | <u>1,708,009</u>           |
| <b>Net Assets</b>                       |                            |                            |
| Without Donor Restrictions              | 919,139                    | 744,634                    |
| With Donor Restrictions                 | 134,475                    | 218,478                    |
| <b>Total Net Assets</b>                 | <u>1,053,614</u>           | <u>963,112</u>             |
| <b>Total Liabilities and Net Assets</b> | <u><u>\$ 1,928,755</u></u> | <u><u>\$ 2,671,121</u></u> |

See accompanying notes.

**STATEMENTS OF ACTIVITIES**  
**THREE RIVERS LEGAL SERVICES, INC.**  
**DECEMBER 31, 2021 AND 2020**  
**GAINESVILLE, FLORIDA**

|  | <b>2021</b>                           |                                    |                     | <b>2020</b>                           |                                    |                    |
|--|---------------------------------------|------------------------------------|---------------------|---------------------------------------|------------------------------------|--------------------|
|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>       |
| <b>Revenues and Other Support</b>              |                                       |                                    |                     |                                       |                                    |                    |
| Grants and Contracts                           | \$ 131,632                            | \$ 4,243,037                       | \$ 4,374,669        | \$ 128,281                            | \$ 3,723,360                       | \$ 3,851,641       |
| Paycheck Protection Program - Loan Forgiveness | -                                     | -                                  | -                   | -                                     | 250,000                            | 250,000            |
| Interest                                       | 160                                   | 315                                | 475                 | 649                                   | 541                                | 1,190              |
| Attorney Fees                                  | 15                                    | 47,485                             | 47,500              | -                                     | 8,963                              | 8,963              |
| Miscellaneous - Other                          | 42,693                                | 4,886                              | 47,579              | 41,524                                | 2,168                              | 43,692             |
| Satisfaction of Program Restrictions           | 4,379,726                             | (4,379,726)                        | -                   | 4,269,236                             | (4,269,236)                        | -                  |
| <b>Total Revenues and Other Support</b>        | <b>4,554,226</b>                      | <b>(84,003)</b>                    | <b>4,470,223</b>    | <b>4,439,690</b>                      | <b>(284,204)</b>                   | <b>4,155,486</b>   |
| <b>Expenses</b>                                |                                       |                                    |                     |                                       |                                    |                    |
| Program Services                               | 3,632,199                             | -                                  | 3,632,199           | 3,793,577                             | -                                  | 3,793,577          |
| Management and General                         | 722,212                               | -                                  | 722,212             | 631,182                               | -                                  | 631,182            |
| Fundraising                                    | 25,310                                | -                                  | 25,310              | 933                                   | -                                  | 933                |
| <b>Total Expenses</b>                          | <b>(4,379,721)</b>                    | <b>-</b>                           | <b>(4,379,721)</b>  | <b>(4,425,692)</b>                    | <b>-</b>                           | <b>(4,425,692)</b> |
| <b>Change in Net Assets</b>                    | <b>174,505</b>                        | <b>(84,003)</b>                    | <b>90,502</b>       | <b>13,998</b>                         | <b>(284,204)</b>                   | <b>(270,206)</b>   |
| <b>Net Assets, Beginning of Year</b>           | <b>744,634</b>                        | <b>218,478</b>                     | <b>963,112</b>      | <b>730,636</b>                        | <b>502,682</b>                     | <b>1,233,318</b>   |
| <b>Net Assets, End of Year</b>                 | <b>\$ 919,139</b>                     | <b>\$ 134,475</b>                  | <b>\$ 1,053,614</b> | <b>\$ 744,634</b>                     | <b>\$ 218,478</b>                  | <b>\$ 963,112</b>  |

See accompanying notes.



**STATEMENTS OF FUNCTIONAL EXPENSES**  
**THREE RIVERS LEGAL SERVICES, INC.**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**GAINESVILLE, FLORIDA**

|                                  | 2021                |                        |                  |                     | 2020                |                        |               |                     |
|----------------------------------|---------------------|------------------------|------------------|---------------------|---------------------|------------------------|---------------|---------------------|
|                                  | Program Services    | Management and General | Fund Raising     | Total               | Program Services    | Management and General | Fund Raising  | Total               |
| Salaries and Wages:              |                     |                        |                  |                     |                     |                        |               |                     |
| Lawyers                          | \$ 1,779,807        | \$ 232,468             | \$ -             | \$ 2,012,275        | \$ 1,805,936        | \$ 224,877             | \$ 79         | \$ 2,030,892        |
| Non-Lawyers                      | 745,525             | 253,856                | -                | 999,381             | 824,446             | 221,280                | 27            | 1,045,753           |
| Employee Benefits                | 553,393             | 118,322                | -                | 671,715             | 612,119             | 81,308                 | 27            | 693,454             |
| Interest, Taxes, and Fees        | 16,555              | 26                     | -                | 16,581              | 11,435              | 36                     | -             | 11,471              |
| Office Rental                    | 140,426             | 34,019                 | -                | 174,445             | 135,552             | 34,436                 | -             | 169,988             |
| Utilities and Office Maintenance | 25,268              | 4,062                  | -                | 29,330              | 24,363              | 4,426                  | -             | 28,789              |
| Equipment Rental and Service     | 14,713              | 1,630                  | -                | 16,343              | 27,944              | 2,033                  | -             | 29,977              |
| Office Supplies and Expenses     | 32,374              | 6,411                  | -                | 38,785              | 27,033              | 4,153                  | -             | 31,186              |
| Telephone                        | 43,640              | 4,901                  | -                | 48,541              | 49,669              | 4,202                  | -             | 53,871              |
| Travel and Training              | 33,862              | 9,909                  | -                | 43,771              | 30,298              | 9,589                  | -             | 39,887              |
| Library Upkeep                   | 15,613              | 263                    | -                | 15,876              | 7,714               | 2                      | -             | 7,716               |
| Insurance                        | 17,221              | 4,490                  | -                | 21,711              | 17,817              | 2,988                  | -             | 20,805              |
| Dues and Fees                    | 21,751              | 1,537                  | -                | 23,288              | 18,461              | 841                    | -             | 19,302              |
| Audit                            | -                   | 25,003                 | -                | 25,003              | -                   | 18,600                 | -             | 18,600              |
| Litigation                       | 34,073              | -                      | -                | 34,073              | 33,308              | -                      | -             | 33,308              |
| Software/Internet                | 56,626              | 10,367                 | 2,563            | 69,556              | 60,571              | 6,563                  | -             | 67,134              |
| Contract Services                | 76,426              | 13,130                 | 22,400           | 111,956             | 81,190              | 14,210                 | -             | 95,400              |
| Fundraising Event                | -                   | -                      | 347              | 347                 | -                   | -                      | 800           | 800                 |
| Depreciation                     | 24,926              | 1,818                  | -                | 26,744              | 25,597              | 1,638                  | -             | 27,235              |
| (Gain) Loss on Asset Disposal    | -                   | -                      | -                | -                   | 124                 | -                      | -             | 124                 |
| <b>Total</b>                     | <b>\$ 3,632,199</b> | <b>\$ 722,212</b>      | <b>\$ 25,310</b> | <b>\$ 4,379,721</b> | <b>\$ 3,793,577</b> | <b>\$ 631,182</b>      | <b>\$ 933</b> | <b>\$ 4,425,692</b> |

See accompanying notes.

**STATEMENTS OF CASH FLOWS**  
**THREE RIVERS LEGAL SERVICES, INC.**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**GAINESVILLE, FLORIDA**

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                |                     |                     |
| Change in Net Assets                                       | \$ 90,502           | \$ (270,206)        |
| Adjustments to Reconcile Change in Net Assets to Net Cash  |                     |                     |
| Provided by (Used in) Operating Activities:                |                     |                     |
| Depreciation   | 26,744              | 27,235              |
| Loss on Property and Equipment Disposal                    | -                   | 124                 |
| (Increase) or Decrease in:                                 |                     |                     |
| Grants and Other Receivables                               | 22,731              | (76,903)            |
| Prepaid Expenses   | 954                 | (24,450)            |
| Increase or (Decrease) in:                                 |                     |                     |
| Accounts Payable   | (12,798)            | (15,197)            |
| Accrued Payroll and Benefits                               | (4,620)             | 76,976              |
| Client Escrow  | (15,091)            | 9,825               |
| Revenue Received in Advance                                | (372,103)           | 501,416             |
| <b>Net Cash Provided by (Used in) Operating Activities</b> | <u>(263,681)</u>    | <u>228,820</u>      |
| <b>Cash Flows from Investing Activities</b>                |                     |                     |
| Capital Purchases  | (10,755)            | (1,401)             |
| <b>Net Cash Provided by (Used in) Investing Activities</b> | <u>(10,755)</u>     | <u>(1,401)</u>      |
| <b>Cash Flows from Financing Activities</b>                |                     |                     |
| Debt Payments  | (428,256)           | (13,619)            |
| PPP Loan   | -                   | 414,047             |
| <b>Net Cash Provided by (Used in) Financing Activities</b> | <u>(428,256)</u>    | <u>400,428</u>      |
| <b>Net Change in Cash and Cash Equivalents</b>             | (702,692)           | 627,847             |
| <b>Cash and Cash Equivalents, Beginning of Year</b>        | <u>2,075,856</u>    | <u>1,448,009</u>    |
| <b>Cash and Cash Equivalents, End of Year</b>              | <u>\$ 1,373,164</u> | <u>\$ 2,075,856</u> |
| Cash and Cash Equivalents                                  | \$ 1,372,097        | \$ 2,059,698        |
| Cash in Trust  | 1,067               | 16,158              |
|  | <u>\$ 1,373,164</u> | <u>\$ 2,075,856</u> |

**Supplemental Disclosures**

Interest expense paid totaled \$16,553 and \$11,323 in 2021 and 2020, respectively.

See accompanying notes.

## **NOTES TO FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS  
THREE RIVERS LEGAL SERVICES, INC.  
GAINESVILLE, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of Three Rivers Legal Services, Inc. (the Organization) have been prepared on the accrual basis of accounting. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**Organization and Operations**

The Organization is a non-profit corporation established in 1977 for the purpose of providing legal assistance in non-criminal matters to economically disadvantaged persons. The geographical area served by the Organization consists of seventeen counties in north central Florida. The Organization is primarily funded through annual grants from Legal Services Corporation (LSC), a non-profit corporation established by the Congress to administer a national legal assistance program, and from government agencies and foundations.

**Program Information**

*Program Services*—The Organization performs program services for the purpose for which it was established, which is to provide legal assistance in non-criminal matters to economically disadvantaged persons within the service area noted.

**Cash and Cash Equivalents**

For purposes of cash flows, cash equivalents include all highly liquid debt instruments purchased with a maturity of three months or less, and cash in trust.

**Receivables**

Receivables consist of amounts due from various grantors, individuals, and employees. The Organization records receivables at net realizable value using the allowance method. No allowance is provided since all receivables are deemed fully collectible.

**Property and Equipment**

Property and equipment acquired with LSC funds are considered to be owned by the Organization while used in the program or in future authorized programs. LSC, however, retains a reversionary interest in these assets and the right to determine the use of any proceeds from their sale.

The Organization capitalizes property and equipment costing more than \$1,000. Depreciation of tangible property and equipment is computed using the straight-line method over estimated useful lives from three to ten years. The building is being depreciated over 30 years. Property donated to the Organization is recorded as support at its fair value at the date received.

**Accounting for Net Assets**

Financial statement presentation follows *Accounting Standards Codification (ASC) 958-205, Financial Statements of Not-For-Profit Organizations*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities as follows:

- Without Donor Restrictions
- With Donor Restrictions

**Without Donor Restrictions**

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

**NOTES TO FINANCIAL STATEMENTS  
THREE RIVERS LEGAL SERVICES, INC.  
GAINESVILLE, FLORIDA**

**With Donor Restrictions**

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, with donor restriction assets are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

For the fiscal years ended December 31, 2021 and 2020, there were \$4,379,726 and \$4,269,236, respectively, of net assets released from donor restrictions and \$134,475 and \$218,478, respectively, of net assets with donor-imposed restrictions reported at year-end.

**Revenue Recognition**

The Organization recognizes grants, contracts, and gifts of cash or other assets as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. Purpose restricted contributions from LSC and Florida Bar Foundation are reclassified to without donor restrictions when expenses are incurred that satisfy program objectives.

In accordance with the normal policies of LSC, the Organization may retain unexpended LSC grant funds that do not exceed 10% of the annual support from LSC for use in future periods provided expenses incurred are in compliance with the specified terms of the grant. LSC may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the grant/contract. In addition, if the Organization terminates its legal assistance activities, all unexpended funds are to be returned to the funding sources.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as revenue received in advance in the statement of financial position. Advance payments of \$319,966 and \$692,069 are recognized in the statement of financial position as revenue received in advance at December 31, 2021 and 2020, respectively.

**Donated Services**

Private attorneys provide free legal services to low income clients under the Private Attorney Involvement Plan administered by the Organization. These services were valued at approximately \$224,424 for 2021 and \$315,034 for 2020. The value of such services was calculated by multiplying each attorney's hourly rate by the number of hours worked. These services are not recorded in the accompanying financial statements since the services are donated to the clients, not the Organization. The Organization merely acts as an intermediary between the volunteer private attorneys and the clients.

**Vacation Policy**

Employee vacation leave is accrued each pay period based on each employee's length of employment. Vacation leave earned to a maximum of thirty days is payable to a non-provisional employee at the employee's current rate of pay upon termination of employment.

**NOTES TO FINANCIAL STATEMENTS  
THREE RIVERS LEGAL SERVICES, INC.  
GAINESVILLE, FLORIDA**

**Income Tax**

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, the Organization has been classified by the Internal Revenue Service as an organization that is not a private foundation and qualifies for the charitable contributions deduction.

**Uncertain Tax Positions**

The Organization follows the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will not be sustained upon examination by the tax authorities. As of December 31, 2021 and 2020, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

**Functional Expenses**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of the programs' proportionate share of direct labor hours depending on the type of cost being allocated. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Note 2 - Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the statements of financial position date, reduced by amounts not available for general use within one year of the statements of financial position date because of contractual or donor-imposed restrictions. Amounts available include current assets available for expenditure in the following year. Amounts not available include items such as restricted net assets, amounts held in client escrow accounts and revenue received in advance that are not available for general expenses.

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| <b>Financial Assets, at Year-End*</b>   | \$ 1,566,725        | \$ 2,292,148        |
| Less Those Unavailable for General Expenditures<br>within One Year, Due to:               |                     |                     |
| Contractual or Donor-Imposed Restrictions:  |                     |                     |
| Revenue Received in Advance   | (319,966)           | (692,069)           |
| Client Escrow   | (1,067)             | (16,158)            |
| Restricted by Donor with Time or Purpose Restrictions                                     | (134,475)           | (218,478)           |
| <b>Financial Assets Available to Meet<br/>Cash Needs for Expenditures within One Year</b> | <u>\$ 1,111,217</u> | <u>\$ 1,365,443</u> |

\*Total assets, less non-financial assets (i.e. property and equipment, prepaid assets and deposits).

**NOTES TO FINANCIAL STATEMENTS  
THREE RIVERS LEGAL SERVICES, INC.  
GAINESVILLE, FLORIDA**

**Note 3 - Lease Commitments**

The Organization leases various office space and equipment in conducting its operations. Rent expense under all leases amounted to approximately \$173,501 and \$169,010 for 2021 and 2020, respectively.

Future minimum payments under non-cancellable operating leases are approximately as follows:

| <b>Fiscal Year</b> |                   |
|--------------------|-------------------|
| <b>Ending</b>      | <b>Amount</b>     |
| 2022               | \$ 165,129        |
| 2023               | 75,375            |
| 2024               | 2,900             |
| <b>Total</b>       | <b>\$ 243,404</b> |

**Note 4 - Property and Equipment**

Property and equipment consist of the following for the years ended December 31:

|                            | <b>2021</b>       | <b>2020</b>       |
|----------------------------|-------------------|-------------------|
| Land                       | \$ 60,000         | \$ 60,000         |
| Buildings                  | 358,637           | 358,637           |
| Furniture and Equipment    | 123,695           | 112,939           |
| Software                   | 13,290            | 13,290            |
| Total Assets               | 555,622           | 544,866           |
| (Accumulated Depreciation) | (274,960)         | (248,215)         |
| <b>Total</b>               | <b>\$ 280,662</b> | <b>\$ 296,651</b> |

For the years ended December 31, 2021 and 2020, depreciation expense amounted to \$26,744 and \$27,235, respectively, and there were losses on disposal of fixed assets in the amount of \$0 and \$124, respectively.

Property and equipment by funding source for the years ended December 31:

|   | <b>2021</b>       | <b>2020</b>       |
|---|-------------------|-------------------|
| Land - All Non-LSC                          | \$ 60,000         | \$ 60,000         |
| Buildings - All Non-LSC                     | 358,637           | 358,637           |
| Other Assets:                               |                   |                   |
| LSC Acquired Assets                         | 109,818           | 100,302           |
| Non-LSC Acquired Assets                     | 27,167            | 25,927            |
| Total Assets                                | 555,622           | 544,866           |
| (Accumulated Depreciation - LSC Assets)     | (76,013)          | (61,087)          |
| (Accumulated Depreciation - Non-LSC Assets) | (198,947)         | (187,128)         |
| <b>Total</b>                                | <b>\$ 280,662</b> | <b>\$ 296,651</b> |

**NOTES TO FINANCIAL STATEMENTS  
THREE RIVERS LEGAL SERVICES, INC.  
GAINESVILLE, FLORIDA**

**Note 5 - Annuity Pension Plan**

Included in employee benefit costs is \$99,595 and \$101,600 for 2021 and 2020, respectively, which represents the costs of a non-contributory annuity plan to provide employees with retirement benefits. During 2021 and 2020, the Organization contributed an amount equal to 5% and 5%, respectively, of the salaries of employees with more than two years of service. There are no past service costs associated with the plan and employees are fully vested for all contributions.

**Note 6 - Significant Concentrations**

**Demand and Time Deposits**

The Organization holds cash in demand and time deposits with local banks. The Organization has no policy requiring collateral for its deposits, although all demand deposits with banks are federally insured up to \$250,000 by the Federal Deposit Insurance Corporation.

**Receivables**

The Organization's receivables are due from various grantors, individuals, and employees. The Organization has no policy requiring collateral for its receivables.

**Revenues**

The Organization received significant revenues from one source. LSC provided approximately 65% in 2021 and 57% in 2020.

**Note 7 - Cash in Trust**

The Organization holds funds of clients under an agency arrangement. Cash in trust is reported as an asset with a corresponding amount reported as a liability in the accompanying financial statements.

**Note 8 - Release of Net Assets With Donor Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

|                            | <u>2021</u>         | <u>2020</u>         |
|----------------------------|---------------------|---------------------|
| Legal Services Corporation | \$ 3,030,666        | \$ 2,563,267        |
| Other                      | 1,349,060           | 1,705,969           |
| <b>Total</b>               | <u>\$ 4,379,726</u> | <u>\$ 4,269,236</u> |

**Note 9 - Net Assets With Donor Restrictions**

Net assets with donor restrictions were available to provide legal services under the following programs:

|                                       | <u>2021</u>       | <u>2020</u>       |
|---------------------------------------|-------------------|-------------------|
| Current Year Funding:                 |                   |                   |
| Legal Services Corporation - Property | \$ 31,303         | \$ 35,472         |
| Other                                 | 103,172           | 183,006           |
| <b>Total</b>                          | <u>\$ 134,475</u> | <u>\$ 218,478</u> |



**NOTES TO FINANCIAL STATEMENTS  
THREE RIVERS LEGAL SERVICES, INC.  
GAINESVILLE, FLORIDA**

**Note 10 - LSC Recipient Fund Balance Calculation**

The fund balance calculation for LSC compliance purposes and what is allowable is calculated below:

|  | <u>2021</u>       | <u>2020</u>       |
|--|-------------------|-------------------|
| Basic Field Grant  | \$ 2,726,212      | \$ 2,580,131      |
| Derivative Income  | 50,084            | 9,199             |
| <b>Total LSC Funding</b>   | <u>2,776,296</u>  | <u>2,589,330</u>  |
| Allowable Limit  | 10%               | 10%               |
|  | <u>\$ 277,630</u> | <u>\$ 258,933</u> |
| Fund Balance Calculation for Compliance Purposes:                          |                   |                   |
| Net Assets with Restrictions and Revenue<br>Received in Advance (LSC Only) | <u>\$ 154,499</u> | <u>\$ 368,075</u> |

The fund balance was within the allowable limit at December 31, 2021. The fund balance exceeded the allowable limit at December 31, 2020, due to unexpected funding from COVID-19 related grants.

On April 30, 2020, LSC issued Program Letter 20-4 updating its revenue recognition guidance to conform with Accounting Standards Update 2018-08. The Program Letter indicates that unexpended grant funds should now be reflected as a liability instead of restricted net assets. The Organization implemented this change for the year ended December 31, 2020.

For the years ended December 31, 2021 and 2020, unexpended LSC grant funds of \$154,915 and \$368,075, respectively, are recorded on the statements of financial position as revenue received in advance. These liability amounts are included in the fund balance calculation above for the purpose of determining compliance with LSC's 10% carryover limit.

**Note 11 - Long-Term Debt**

Long-term debt consists of the following:

|  | <u>2021</u>       | <u>2020</u>       |
|--|-------------------|-------------------|
| Note Payable in Monthly Installments of \$2,078,<br>Including Interest of 4.25%, Maturing April 2035,<br>Collateralized by a Real Estate Mortgage for<br>Lake City Office Building                                       | \$ 244,828        | \$ 259,037        |
| 1% Payroll Protection Program Loan Payable, Due in<br>Monthly Installments of Principle and Interest Beginning<br>10 Months from the End of the Covered Period, and<br>Maturing Two Years After the Date of Disbursement | -                 | 414,047           |
| Portion Due Within One Year  | (14,824)          | (317,843)         |
| <b>Total</b>   | <u>\$ 230,004</u> | <u>\$ 355,241</u> |

**NOTES TO FINANCIAL STATEMENTS  
THREE RIVERS LEGAL SERVICES, INC.  
GAINESVILLE, FLORIDA**

The following is a schedule, by years, of minimum future payments on long-term debt as of December 31, 2021:

| <b>Year Ending<br/>December 31,</b> | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>      |
|-------------------------------------|-------------------|------------------|-------------------|
| 2022                                | \$ 14,824         | \$ 10,119        | \$ 24,943         |
| 2023                                | 15,467            | 9,476            | 24,943            |
| 2024                                | 16,137            | 8,806            | 24,943            |
| 2025                                | 16,836            | 8,107            | 24,943            |
| 2026                                | 17,566            | 7,377            | 24,943            |
| Thereafter                          | 163,998           | 28,683           | 192,681           |
| <b>Total</b>                        | <b>\$ 244,828</b> | <b>\$ 72,568</b> | <b>\$ 317,396</b> |

**Note 12 - COVID-19**

The COVID-19 pandemic caused the Organization to suspend in-person applications for services, client meetings and court hearings for most of 2020. Moreover, the entire staff of the Organization began working remotely, which not only resulted in a significant increase in the technology budget, but also resulted in a significant reduction in new client intakes and the ability to conduct in-person outreach efforts. Revenue from grants based on attorney case time decreased as a result, but legal issues created by COVID-19 increased, especially in domestic violence cases and housing cases. This disturbing trend is expected to last for the majority of 2021.

While new applications for services via phone and online moderated in 2021, the Organization remained closed to in-person applications for services. Additionally, a majority of staff continued to work a hybrid (in office/remote work) schedule. The Organization experienced a significant amount of new eviction cases in the fourth quarter of 2021 when the eviction moratorium and order was lifted.

**Note 13 - Paycheck Protection Program**

The Organization was granted a loan in the amount of \$664,047, pursuant to the Paycheck Protection Program (PPP), which is administered by the Small Business Association (SBA). Under the terms of the PPP, certain amounts of the loan may be forgiven by the SBA if they are used for qualifying expenses described in the CARES Act. The Organization has elected to record the funds as a conditional contribution in accordance with FASB ASC 958-605 by recording an initial liability for the loan proceeds, and subsequently recognizing revenue as qualifying expenses are incurred. During the year ended December 31, 2020, \$250,000 was recognized as revenue, with a remaining liability of \$414,047 as of December 31, 2020. During the year ended December 31, 2021, \$250,000 of the loan was forgiven by the SBA and the remaining \$414,047 was paid back.

**Note 14 - Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 27, 2022, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**SUPPLEMENTAL SCHEDULE OF CHANGES IN NET ASSETS**  
**THREE RIVERS LEGAL SERVICES, INC.**  
**YEAR ENDED DECEMBER 31, 2021**  
**GAINESVILLE, FLORIDA**

|   | <u>With Donor Restrictions</u>        |   |                   |  |                     |
|---|---------------------------------------|---|-------------------|--|---------------------|
|   | <u>Without Donor<br/>Restrictions</u> | <u>Legal<br/>Services<br/>Corporation</u> | <u>Other</u>      | <u>Total<br/>With Donor<br/>Restrictions</u> |                     |
| <b>Revenues and Other Support</b>           |                                       |   |                   |  |                     |
| Grants and Contracts                        | \$ 131,632                            | \$ 2,976,413                              | \$ 1,266,624      | \$ 4,243,037                                 | \$ 4,374,669        |
| Interest                                    | 160                                   | 315                                       | -                 | 315  | 475                 |
| Attorney Fees                               | 15                                    | 46,704                                    | 781               | 47,485                                       | 47,500              |
| Miscellaneous - Other                       | 42,693                                | 3,065                                     | 1,821             | 4,886  | 47,579              |
| Satisfaction of Program<br>Restrictions     | 4,379,726                             | (3,030,666)                               | (1,349,060)       | (4,379,726)                                  | -                   |
| <b>Total Revenues and<br/>Other Support</b> | <u>4,554,226</u>                      | <u>(4,169)</u>                            | <u>(79,834)</u>   | <u>(84,003)</u>                              | <u>4,470,223</u>    |
| <b>Expenses</b>                             |                                       |   |                   |  |                     |
| Program Services                            | 3,632,199                             | -   | -                 | -  | 3,632,199           |
| Management and General                      | 722,212                               | -   | -                 | -  | 722,212             |
| Fundraising                                 | 25,310                                | -   | -                 | -  | 25,310              |
| <b>Total Expenses</b>                       | <u>(4,379,721)</u>                    | <u>-</u>                                  | <u>-</u>          | <u>-</u>                                     | <u>(4,379,721)</u>  |
| <b>Change in Net Assets</b>                 | 174,505                               | (4,169)                                   | (79,834)          | (84,003)                                     | 90,502              |
| <b>Net Assets, Beginning of Year</b>        | <u>744,634</u>                        | <u>35,472</u>                             | <u>183,006</u>    | <u>218,478</u>                               | <u>963,112</u>      |
| <b>Net Assets, End of Year</b>              | <u>\$ 919,139</u>                     | <u>\$ 31,303</u>                          | <u>\$ 103,172</u> | <u>\$ 134,475</u>                            | <u>\$ 1,053,614</u> |

**SUPPLEMENTAL SCHEDULE OF DELIVERY METHODS**  
**THREE RIVERS LEGAL SERVICES, INC.**  
**DECEMBER 31, 2021**  
**GAINESVILLE, FLORIDA**

|  | Staff Attorney Delivery |                    |                    | Private Attorney Delivery |                    |                     |                    |                    |
|--|-------------------------|--------------------|--------------------|---------------------------|--------------------|---------------------|--------------------|--------------------|
|  | Legal Services          |                    | Total              | Legal Services            |                    | Total               | Property           | Total              |
|  | Corporation             | Other              |                    | Corporation               | Other              |                     |                    |                    |
| <b>Support and Revenue</b>                       |                         |                    |                    |                           |                    |                     |                    |                    |
| Grants and Contracts                             | \$ 2,976,413            | \$ 1,398,256       | \$ 4,374,669       | \$ -                      | \$ -               | \$ -                | \$ -               | \$ 4,374,669       |
| Interest   | 315                     | 160                | 475                | -                         | -                  | -                   | -                  | 475                |
| Attorney Fees                                    | 46,704                  | 796                | 47,500             | -                         | -                  | -                   | -                  | 47,500             |
| Miscellaneous - Other                            | 3,065                   | 44,514             | 47,579             | -                         | -                  | -                   | -                  | 47,579             |
| <b>Total Support and Revenue</b>                 | <b>3,026,497</b>        | <b>1,443,726</b>   | <b>4,470,223</b>   | <b>-</b>                  | <b>-</b>           | <b>-</b>            | <b>-</b>           | <b>4,470,223</b>   |
| <b>Expenses</b>                                  |                         |                    |                    |                           |                    |                     |                    |                    |
| Salaries and Wages:                              |                         |                    |                    |                           |                    |                     |                    |                    |
| Lawyers  | 1,067,079               | 754,486            | 1,821,565          | 151,124                   | 39,586             | 190,710             | -                  | 2,012,275          |
| Non-Lawyers                                      | 717,283                 | 211,430            | 928,713            | 61,371                    | 9,297              | 70,668              | -                  | 999,381            |
| Employee Benefits                                | 404,643                 | 213,363            | 618,006            | 43,941                    | 9,768              | 53,709              | -                  | 671,715            |
| Interest, Taxes, and Fees                        | 4,937                   | 11,227             | 16,164             | 379                       | 38                 | 417                 | -                  | 16,581             |
| Office Rental, Utilities, and Maintenance        | 167,479                 | 23,258             | 190,737            | 11,857                    | 1,181              | 13,038              | -                  | 203,775            |
| Equipment Rental and Service                     | 15,248                  | 746                | 15,994             | 317                       | 32                 | 349                 | -                  | 16,343             |
| Office Supplies and Expenses                     | 30,252                  | 4,717              | 34,969             | 2,368                     | 1,448              | 3,816               | -                  | 38,785             |
| Telephone  | 41,271                  | 4,034              | 45,305             | 2,943                     | 293                | 3,236               | -                  | 48,541             |
| Travel and Training                              | 34,547                  | 4,697              | 39,244             | 4,404                     | 123                | 4,527               | -                  | 43,771             |
| Library Upkeep                                   | 14,050                  | 1,415              | 15,465             | 374                       | 37                 | 411                 | -                  | 15,876             |
| Insurance  | 18,475                  | 1,840              | 20,315             | 1,270                     | 126                | 1,396               | -                  | 21,711             |
| Dues and Fees                                    | 7,364                   | 13,306             | 20,670             | 33                        | 2,585              | 2,618               | -                  | 23,288             |
| Audit  | 21,112                  | 2,102              | 23,214             | 1,627                     | 162                | 1,789               | -                  | 25,003             |
| Litigation on Behalf of Client                   | 21,731                  | 8,705              | 30,436             | 3,637                     | -                  | 3,637               | -                  | 34,073             |
| Software/Internet                                | 54,731                  | 10,758             | 65,489             | 3,699                     | 368                | 4,067               | -                  | 69,556             |
| Contract Services                                | 95,069                  | 5,293              | 100,362            | 11,125                    | 469                | 11,594              | -                  | 111,956            |
| Fundraising                                      | -                       | 347                | 347                | -                         | -                  | -                   | -                  | 347                |
| Deprecation                                      | -                       | -                  | -                  | -                         | -                  | -                   | 26,744             | 26,744             |
| <b>Total Expenses</b>                            | <b>(2,715,271)</b>      | <b>(1,271,724)</b> | <b>(3,986,995)</b> | <b>(300,469)</b>          | <b>(65,513)</b>    | <b>(365,982)</b>    | <b>(26,744)</b>    | <b>(4,379,721)</b> |
| <b>Transfers</b>                                 | <b>(10,757)</b>         | <b>-</b>           | <b>(10,757)</b>    | <b>-</b>                  | <b>-</b>           | <b>-</b>            | <b>10,757</b>      | <b>-</b>           |
| <b>Support and Revenue Over (Under) Expenses</b> | <b>\$ 300,469</b>       | <b>\$ 172,002</b>  | <b>\$ 472,471</b>  | <b>\$ (300,469)</b>       | <b>\$ (65,513)</b> | <b>\$ (365,982)</b> | <b>\$ (15,987)</b> | <b>\$ 90,502</b>   |

PAI percentage is 13%, calculated as \$365,982/2,726,212 (total PAI expense divided by basic field grant for 2021).

**SCHEDULE OF SUPPORT, REVENUE, EXPENSES, AND  
CHANGES IN NET ASSETS FOR LSC FUNDS  
THREE RIVERS LEGAL SERVICES, INC.  
YEAR ENDED DECEMBER 31, 2021  
GAINESVILLE, FLORIDA**

|   | Staff<br>Attorney<br>Delivery | Excess<br>Fund Balance<br>Carryover | Private<br>Attorney<br>Involvement | 2020 COVID<br>Response<br>Grant | 2020 COVID<br>Response<br>Grant PAI | Subtotal           | Property         | Total              |
|---|-------------------------------|-------------------------------------|------------------------------------|---------------------------------|-------------------------------------|--------------------|------------------|--------------------|
| <b>Support and Revenue</b>  |                               |                                     |                                    |                                 |                                     |                    |                  |                    |
| Grants and Contracts  | \$ 2,571,714                  | \$ 368,075                          | \$ -                               | \$ 36,624                       | \$ -                                | \$ 2,976,413       | \$ -             | \$ 2,976,413       |
| Interest  | 315                           | -                                   | -                                  | -                               | -                                   | 315                | -                | 315                |
| Attorney Fees   | 46,704                        | -                                   | -                                  | -                               | -                                   | 46,704             | -                | 46,704             |
| Miscellaneous   | 3,065                         | -                                   | -                                  | -                               | -                                   | 3,065              | -                | 3,065              |
| <b>Total Support and Revenue</b>                                  | <b>2,621,798</b>              | <b>368,075</b>                      | <b>-</b>                           | <b>36,624</b>                   | <b>-</b>                            | <b>3,026,497</b>   | <b>-</b>         | <b>3,026,497</b>   |
| <b>Expenses</b>   |                               |                                     |                                    |                                 |                                     |                    |                  |                    |
| Salaries and Wages:   |                               |                                     |                                    |                                 |                                     |                    |                  |                    |
| Lawyers   | 854,027                       | 189,585                             | 146,753                            | 23,467                          | 4,371                               | 1,218,203          | -                | 1,218,203          |
| Non-Lawyers   | 685,458                       | 29,375                              | 60,858                             | 2,450                           | 513                                 | 778,654            | -                | 778,654            |
| Employee Benefits   | 355,680                       | 43,795                              | 43,572                             | 5,168                           | 369                                 | 448,584            | -                | 448,584            |
| Interest, Taxes, and Fees   | 4,937                         | -                                   | 379                                | -                               | -                                   | 5,316              | -                | 5,316              |
| Office Rental, Utilities, and Maintenance                         | 167,479                       | -                                   | 11,857                             | -                               | -                                   | 179,336            | -                | 179,336            |
| Equipment Rental and Service                                      | 15,248                        | -                                   | 317                                | -                               | -                                   | 15,565             | -                | 15,565             |
| Office Supplies and Expenses                                      | 9,474                         | 20,692                              | 2,368                              | 86                              | -                                   | 32,620             | -                | 32,620             |
| Telephone   | 30,289                        | 10,982                              | 2,943                              | -                               | -                                   | 44,214             | -                | 44,214             |
| Travel and Training   | 17,681                        | 16,866                              | 4,404                              | -                               | -                                   | 38,951             | -                | 38,951             |
| Library Upkeep  | 14,050                        | -                                   | 374                                | -                               | -                                   | 14,424             | -                | 14,424             |
| Insurance   | 18,475                        | -                                   | 1,270                              | -                               | -                                   | 19,745             | -                | 19,745             |
| Dues and Fees   | 7,364                         | -                                   | 33                                 | -                               | -                                   | 7,397              | -                | 7,397              |
| Audit   | 21,112                        | -                                   | 1,627                              | -                               | -                                   | 22,739             | -                | 22,739             |
| Litigation on Behalf of Client                                    | 21,531                        | -                                   | 3,637                              | 200                             | -                                   | 25,368             | -                | 25,368             |
| Software/Internet   | 51,936                        | 2,795                               | 3,699                              | -                               | -                                   | 58,430             | -                | 58,430             |
| Contract Services   | 51,841                        | 43,228                              | 11,125                             | -                               | -                                   | 106,194            | -                | 106,194            |
| Depreciation  | -                             | -                                   | -                                  | -                               | -                                   | -                  | 14,926           | 14,926             |
| <b>Total Expenses</b>   | <b>(2,326,582)</b>            | <b>(357,318)</b>                    | <b>(295,216)</b>                   | <b>(31,371)</b>                 | <b>(5,253)</b>                      | <b>(3,015,740)</b> | <b>(14,926)</b>  | <b>(3,030,666)</b> |
| <b>Support and Revenue Over (Under) Expenses Before Transfers</b> | <b>295,216</b>                | <b>10,757</b>                       | <b>(295,216)</b>                   | <b>5,253</b>                    | <b>(5,253)</b>                      | <b>10,757</b>      | <b>(14,926)</b>  | <b>(4,169)</b>     |
| <b>Transfers</b>  | <b>(295,216)</b>              | <b>(10,757)</b>                     | <b>295,216</b>                     | <b>(5,253)</b>                  | <b>5,253</b>                        | <b>(10,757)</b>    | <b>10,757</b>    | <b>-</b>           |
| <b>Support and Revenue Over (Under) Expenses</b>                  | <b>-</b>                      | <b>-</b>                            | <b>-</b>                           | <b>-</b>                        | <b>-</b>                            | <b>-</b>           | <b>(4,169)</b>   | <b>(4,169)</b>     |
| <b>Net Assets, Beginning of Year</b>                              | <b>-</b>                      | <b>-</b>                            | <b>-</b>                           | <b>-</b>                        | <b>-</b>                            | <b>-</b>           | <b>35,472</b>    | <b>35,472</b>      |
| <b>Net Assets, End of Year</b>                                    | <b>\$ -</b>                   | <b>\$ -</b>                         | <b>\$ -</b>                        | <b>\$ -</b>                     | <b>\$ -</b>                         | <b>\$ -</b>        | <b>\$ 31,303</b> | <b>\$ 31,303</b>   |

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
THREE RIVERS LEGAL SERVICES, INC.  
FOR THE YEAR ENDED DECEMBER 31, 2021  
GAINESVILLE, FLORIDA**

| Federal Grantor/Pass-Through Grantor/Program Title                          | Federal ID<br>Number/<br>Assistance<br>Listing No. | Grantor's<br>Contract Number | Expenditures               | Program<br>Totals          |
|---|--|------------------------------|----------------------------|----------------------------|
| <b>Legal Services Corporation</b>   |  |                              |                            |                            |
| 2020 Basic Field Grant  | 9.610061   | 610061                       | \$ 368,075                 |                            |
| 2021 Basic Field Grant  | 9.610061   | 610061                       | 2,621,798                  |                            |
| COVID-19 Response Grant   | 9.610061   | 610061                       | <u>36,624</u>              | <u>\$ 3,026,497</u>        |
| <b>U.S. Department of Justice</b>   |  |                              |                            |                            |
| Passed Through the Florida Department of<br>Children and Families:          |  |                              |                            |                            |
| STOP Violence Against Women   | 16.588   | 21-2068-LCH                  | <u>18,400</u>              | <u>18,400</u>              |
| Passed Through State of Florida,<br>Office of the Attorney General:         |  |                              |                            |                            |
| Crime Victims Assistance  | 16.575   | VOCA-2020-TRLS-00748         | 190,332                    |                            |
| Crime Victims Assistance  | 16.575   | VOCA-2020-TRLS-00774         | 219,191                    |                            |
| Crime Victims Assistance  | 16.575   | VOCA-2021-TRLS-00744         | 64,998                     |                            |
| Crime Victims Assistance  | 16.575   | VOCA-2021-TRLS-00768         | <u>66,311</u>              | <u>540,832</u>             |
| Passed Through Equal Justice Works:   |  |                              |                            |                            |
| Elder Justice Program   | 16.582   | 2020-OVC-EJP-016             | <u>55,285</u>              | <u>55,285</u>              |
| <b>U.S. Department of Housing and Urban Development</b>                     |  |                              |                            |                            |
| Passed Through State of Florida DCF:  |  |                              |                            |                            |
| Passed Through United Way of North Central Florida:                         |  |                              |                            |                            |
| Challenge Grant 2020-21   | 14.231   | CP005                        | 8,568                      |                            |
| Challenge Grant 2021-22   | 14.231   | CP005                        | <u>1,815</u>               | <u>10,383</u>              |
| <b>Department of Veteran Affairs</b>  |  |                              |                            |                            |
| VA Supportive Services for Veteran Families Program:                        |  |                              |                            |                            |
| Passed Through Changing Homelessness, Inc.                                  | 64.033   | N/A                          | 43,192                     |                            |
| Passed Through Meridian Behavioral Healthcare                               | 64.033   | N/A                          | 20,920                     |                            |
| Passed Through Volunteer of America Florida                                 | 64.033   | N/A                          | <u>4,000</u>               | <u>68,112</u>              |
| <b>Administration on Aging, Department of Health and<br/>Human Services</b> |  |                              |                            |                            |
| Passed Through Mid-Florida Area Agency on Aging, Inc.:                      |  |                              |                            |                            |
| Contracts for Legal Assistance to Elderly in 10 Counties                    | 93.044   | OAA-21-TRLS                  | 76,959                     |                            |
| Contracts for Legal Assistance to Senior Caregivers in 10 Counties          | 93.052   | OAA-21-TRLS                  | <u>20,822</u>              | <u>97,781</u>              |
| Passed Through Mid-Florida Area Agency on<br>Aging for North Florida, Inc.: |  |                              |                            |                            |
| Contracts for Legal Assistance to Elderly in 2 Counties                     | 93.044   | BA020-31                     | <u>11,699</u>              | <u>11,699</u>              |
| <b>Internal Revenue Service, Department of the Treasury</b>                 |  |                              |                            |                            |
| Low Income Taxpayer Clinic  | 21.008   | 20-LITC0464-01-00            | <u>53,245</u>              | <u>53,245</u>              |
| <b>Total</b>  |  |                              | <u><u>\$ 3,882,234</u></u> | <u><u>\$ 3,882,234</u></u> |

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
THREE RIVERS LEGAL SERVICES, INC.  
FOR THE YEAR ENDED DECEMBER 31, 2021  
GAINESVILLE, FLORIDA**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Three Rivers Legal Services, Inc. under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Three Rivers Legal Services, Inc., it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Three Rivers Legal Services, Inc.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Three Rivers Legal Services, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3 - Passed Through to Sub-Recipients**

No federal awards were passed through to sub-recipients.



## **ADDITIONAL REPORTS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Three Rivers Legal Services, Inc.  
Gainesville, Florida

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 Three Rivers Legal Services, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2021, 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 27, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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Board of Directors  
Three Rivers Legal Services, Inc.  
Gainesville, Florida

**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***

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.



April 27, 2022  
Gainesville, Florida

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Three Rivers Legal Services, Inc.  
Gainesville, Florida

### Opinion on Each Major Federal Program

We have audited Three Rivers Legal Services, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Compliance Supplement for Audits of LSC Recipients* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 program. Our audit does not provide a legal determination of the Organization'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 the Organization's federal programs.

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Board of Directors  
Three Rivers Legal Services, Inc.  
Gainesville, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Auditor's Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance 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 the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, 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 Organization'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 the Organization'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, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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.

**Report on Internal Control Over Compliance**

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

Board of Directors  
Three Rivers Legal Services, Inc.  
Gainesville, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

*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, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal 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 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 2021-001 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 the Organization's response to the internal control over compliance findings in our audit described in the accompanying schedule of findings and questioned costs. The Organization'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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



April 27, 2022  
Gainesville, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
THREE RIVERS LEGAL SERVICES, INC.  
FOR THE YEAR ENDED DECEMBER 31, 2021  
GAINESVILLE, FLORIDA**

**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?   | No            |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| Non-compliance material to financial statements noted?                                      | No            |

**Federal Awards**

|  |                                   |
|--|-----------------------------------|
| Internal Control Over Major Programs:  |                                   |
| Material weakness(es) identified?  | No                                |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)?                | Yes                               |
| Type of Auditor’s Report Issued on Compliance for Major Programs:  | Unmodified for all major programs |
| Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR Section 200.516(a)? | Yes                               |
| The Organization’s major program was the Legal Services Corporation Basic Field Grant                      | Federal ID No. 9.610061           |
| Dollar Threshold Used to Distinguish Between Type A and Type B Programs:                                   | \$750,000                         |
| Auditee Qualified as Low-risk Auditee?   | No                                |

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
THREE RIVERS LEGAL SERVICES, INC.  
FOR THE YEAR ENDED DECEMBER 31, 2021  
GAINESVILLE, FLORIDA**

**SECTION III – FEDERAL AWARD FINDINGS**

**2021-001 – Disclosure of Case Information**

*Criteria:* 45 CFR Part 1644 requires that for each case filed in court by its attorneys on behalf of a client of a recipient, the recipient shall disclose certain information about the case in a report to be filed with LSC semiannually.

*Condition:* During our audit we noted two cases out of a sample of 60 cases that were not included on either of the semiannual reports file with LSC in 2021.

*Cause:* The two cases noted were not captured by the Organization’s process for case disclosure until after the second semiannual report for 2021 had been filed.

*Effect:* The Organization did not comply with the compliance requirement in a timely manner for the two cases noted.

*Questioned Costs:* None

*Recommendation:* We recommend that the Organization modify its policies and procedures for capturing cases required to be disclosed to ensure that all cases for a given period are included on the disclosure report related to the period in which they occurred.

*Views of Responsible Officials:*

The views of responsible officials are described in the accompanying corrective action plan. The corrective action plan was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
THREE RIVERS LEGAL SERVICES, INC.  
FOR THE YEAR ENDED DECEMBER 31, 2021  
GAINESVILLE, FLORIDA**

There were no finding reports in the 2020 audit report.

# Three Rivers Legal Services, Inc.

1000 N.E. 16th Ave., Bldg. I, Suite B • Gainesville, FL 32601 - 4541

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## 2021 AUDIT FINDING

### 2021-001 – Disclosure of Case Information

During our 2021 audit, two cases were identified as being omitted from the semiannual case disclosure reports filed with LSC in 2021.

### 2021 – Audit Corrective Action Plan

Three Rivers Legal Services updated its Case Management System (CMS) to better capture affirmative litigation cases by making litigation information entry fields mandatory to complete. CMS was also updated to automatically generate semi-monthly reports listing affirmative litigation cases. These reports are emailed to the Managing Attorneys, the Director of Litigation, and the Executive director on a semi-monthly basis for review.

The Organization's case reporting policy and procedures have been updated. Staff has been informed of the policy revisions via email with additional training to be conducted at the firm's all staff training scheduled for October 2022. Advocates are required to inform the Director of Litigation when affirmative litigation has been filed. The Director of Litigation will keep a running list of cases to be reported. Each 6 months, the IT Director will create a list of cases to be reported based on the data from CMS. The Executive Director will then cross check the IT Director's report against the Director of Litigation's report. Once the complete case list is confirmed, the IT Director will transfer the list to the LSC reporting template. The Executive Director will review the case report before submitting it to LSC.

### Responsible Staff Members

Anthony Wisz, Executive Director

Kevin Rabin, Director of Litigation

Joe Luna, IT Director

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