



Grant Year: 2020

Due Date: June 3, 2019 at 5:00pm PST

Prepared by: KellyAnn Romanych

Funding Opportunity: **IOLTA LSP**

Email: **kromanych@vetslegal.com**

Project Title: **2987-IOLTA LSP-2020-Veterans Legal Institute-251**

Contact Phone: **818-219-1916**

Program Name: **Veterans Legal Institute**

Applicant Title: **Deputy Executive Director**

Address: **2100 N. Broadway, Ste. 209**

City: **Santa Ana**

I verify the information in the Organization Profile is accurate and up-to-date.

I verify that I have read, and am familiar with, the eligibility guidelines for IOLTA funding for legal services projects.

I. Eligibility Criteria

1. New or Previously Funded Applicant

Reapply for Funding as a Legal Services Project

2. Applicant Type

A nonprofit corporation that provides civil legal services to the indigent without charge as its primary purpose and function

Upload a letter of support from the law school dean describing the history of the law school clinical program.

3. Applicant Eligibility

Select all that apply



Upload an LSC grant award letter or a subcontract showing the amount of LSC funds awarded through another agency.

Upload a contract, determination letter, or subcontract indicating the amount of Older Americans Act funds awarded.

An organization that receives at least \$20,000 annual cash funds from sources other than the State Bar of California to support free legal representation to indigent persons (as reflected in the Total of Non-State Bar Revenue calculated on Form VI) and can show community support for the program

A. Community Support: Since its founding in 2014, Veterans Legal Institute (VLI) has developed and received a wide range of ongoing community support which includes: individual donations; well-attended new and annual events; funding from collaborative organizations; and state and foundation grants.

Describe the community support for the operation of a viable, ongoing program.

In addition to IOLTA EAF funding, top funders in 2018 included:
UC Irvine Law School/Nicholas Endowment (\$65,000)
Rothenbuehler Foundation (\$65,000)
Volunteers of America Los Angeles, Orange County (\$40,000)
Equal Justice Works, AmeriCorps (\$24,930)
Orange County Bar Association Charitable Fund (\$22,000)

VLI continues to collaborate with over 70 organizations through leadership in the Orange County Veterans and Military Families Collaborative. Outcomes range from securing housing, employment, education, and community outreach.

VLI remains a partner in the Strong Families, Strong Children collaborative. SFSC is a consortium of five nonprofit partners bringing together a coordinated, community-based approach to provide an array of support services to underserved OC veteran and military families with children. Services include: evidence-based mental health and trauma treatment; domestic violence and substance abuse prevention; housing; basic needs; legal assistance and advocacy; and program evaluation and outcome measurement.

Moving forward for fiscal year 19/20, The California Department of Veterans Affairs (CalVet), Veterans Services Division awarded a third year grant to the Orange



County Veterans Service Office and VLI to provide a continuing mobile legal clinic using Proposition 63 funds. Further, using the successful model from Orange County VSO, CalVet awarded additional Proposition 63 funding to the Veterans Service Offices in Riverside and San Bernardino counties for VLI mobile legal clinics to expand coverage to veterans in the Inland Empire who are lacking resources.

Last, VLI and Jamboree Housing are on schedule for providing onsite legal services for up to 75 veterans who will be residing in Jamboree Housing's Santa Ana Veterans Village. The groundbreaking ceremony was held in 2018, and the village will include wrap around services in basic needs for veteran residents. Further, Jamboree Housing continues to be a sponsor of VLI events and its employees regularly volunteer.

b. Which of the following Provides legal representation, training, or technical assistance on matters
services does your concerning indigent special client groups, or substantive law important to special
organization provide?: client groups



Special Client Group(s) Served

| | Nature of Assistance | | |
|--|----------------------|----------|----------------------|
| Special Client Group Served/ Relevant Substantive Law | Legal Representation | Training | Technical Assistance |
| Veterans | Yes | No | No |
| Veterans Benefits | Yes | No | No |
| Military | Yes | No | No |
| Low Income/Economically Disadvantaged | Yes | No | No |
| Homeless | Yes | No | No |
| Disabled | Yes | No | No |
| Justice Involved | Yes | No | No |
| Housing | Yes | No | No |
| Employment | Yes | No | No |
| Healthcare | Yes | No | No |
| Consumer Law | Yes | No | No |
| Family Law | Yes | No | No |

II. Description of Organization

Provide a comprehensive but concise description of the entire organization's work in the previous calendar year. Do not limit responses to activities funded by the State Bar of California. Suggested word count range for each of the following questions is 250-500.

Click "Save & Finish Later" after adding counties.



County

Los Angeles

Orange

1. Organization's Mission and Vision

Veterans Legal Institute (VLI) is a 501(c)(3) organization that provides pro bono legal assistance to homeless, disabled, low-income, and at-risk current and former US service members to eradicate barriers to housing, employment, education, and healthcare to foster self-sufficiency.

VLI's enduring vision is to use its core values of outreach, compassion, quality, leadership, and empowerment to greatly reduce veteran homelessness and suicide.

2. Core Programs

Describe the organization's core programs as reflected in promotional materials (include a summary of all work, not just activities funded by State Bar monies).



Veterans Legal Institute's core programs are in direct legal services to clients, increasing the number of highly capable professionals in veterans law, and providing collaborative leadership so vulnerable veteran clients can realize the full potential of human services in Southern California. Given unique and significant barriers to resources to veterans, including post traumatic stress disorder, traumatic brain injury, and military sexual trauma, VLI provides several opportunities for veterans to access pro bono legal services. Veterans can apply online, call the office and speak directly to a person, or attend one of VLI's many mobile legal clinics at strategic veteran hotspots. Mobile clinic locations include: the Veterans Administration Hospital in Long Beach, Starbucks Coffee in Santa Ana, Saddleback College, the City of Mission Viejo, North County Vet Center in Garden Grove, and the Orange County Veterans Service Office. As well to serve the growing needs of clients, VLI hosts family law and veterans benefits clinics in the office which are booked a month in advance.

Areas of law include (but are not limited to) discharge upgrades, VA pensions and healthcare access, landlord/tenant issues involving evictions, family law, and restoring driver's licenses. VLI completes all legal work in house and leverages pro bono attorney specialists when needed from a variety of firms. For clients who do not meet income requirements, they are provided general advice and referred to attorneys who are veteran advocates. No client ever receives a bill or leaves empty handed.

To expand the quantity and quality of highly trained legal professionals and veteran advocates, VLI is active in leadership and education. Throughout the year, VLI hosts clerks, interns, and fellows and presents veterans benefit law courses to increase the network of highly capable pro bono attorneys available to clients. As a result, the State of California recognizes VLI as a "multiple activity provider" in continuing attorney education.

3. Client Population

Describe the constituencies served by the organization. Include demographic information, such as age, gender, ethnicity, income levels, and any other characteristics particular to the service population.



Veterans Legal Institute serves homeless and low income veterans who require free legal aid to be self-reliant as they live with unique injuries such as traumatic brain injuries, PTSD, and military sexual trauma. Our clients are 19 to 99 years old with households ranging from 1 to 8 family members. Many earn less than \$1,500 a month. Those in college live frugally off benefit allowances, couch surf, or live in cars. VLI serves clients across Southern California with the top four cities being Santa Ana, Anaheim, Long Beach, and Los Angeles. In addition, according to the 2016 Census, Orange County clients face the highest median rent (\$1,548/month) when compared to veterans across Southern California.

4. Income Eligibility for Services

Describe how the organization verifies and documents an individual's income eligibility for services. Identify all income criteria and guidelines used to establish eligibility for services.

Veterans Legal Institute defines low income on the current living conditions of clients. These conditions include: homeless, couch surfing, living in cars, being evicted, disabled and unemployed, and underemployed. Most clients who do have income are earning less than \$1,500 a month. Veterans Legal Institute verifies qualification by requesting income information on intake form, corroborating information when available from other service organizations, and the current living conditions of client. Service organization paperwork includes Section 8 housing authority, SSI, Medi-Cal, and VA benefits such as "helpless child."

7/1/2019 revision:

Can you confirm that VLI screens for eligibility based on indigency as defined by B&P 6213(d)? Yes. VLI requests clients to disclose their income amounts and sources and uses the indigent income table available on Smart Simple. The table and requirements are discussed and shared with staff in regular meetings, as well as in daily use during intakes and at reporting time. As well, VLI continues to receive referrals from other collaborating organizations that work with homeless and indigent clients.

5. Programmatic Activities



Select all the programmatic activities the organization engaged in during the previous calendar year. Do not include fundraising and administrative activities (Eligibility Guidelines 2.3).

A. Legal Services Community legal education and information, Limited services, Legal self-help
Activities: support, Representation

Describe Other:

B. Other Activities:

i. Legal Services: Provided outside of California, Provided to non-indigent clients/non-qualified organizations

Under which funding sources did you serve these clients?: Foundation, Other/Unrestricted

ii. Other Services:

Describe Other Non-Legal Services:

A. Total number of impact litigation cases (include partner/co-counsel cases):

Report all impact litigation cases your organization engaged in during the evaluation year, both open and closed.



**B. Total number of
advocacy activities:**

Report all advocacy activities your organization engaged in during the evaluation year, both completed and ongoing.

**C. Summarize Additional
Activities:**

If you engaged in more than 10 advocacy activities or more than 15 impact litigation cases in the previous calendar year, briefly summarize the nature of these additional activities.

Impact Case(s)

This list will update the next time you save the record.

| # | Case Name | Court Name | Case Status | View / Edit Template | Form Status |
|---|-----------|------------|-------------|----------------------|-------------|
|---|-----------|------------|-------------|----------------------|-------------|

Advocacy Activity(ies)

This list will update the next time you save the record.

| # | Advocacy Activity | Type | Activity Status | View / Edit Template | Form Status |
|---|-------------------|------|-----------------|----------------------|-------------|
|---|-------------------|------|-----------------|----------------------|-------------|

III. Staffing and Volunteers



Staffing as of December 31

| Personnel Category | Full-Time Staff | Part-Time Staff | | Total Staffing FTEs | Temporary Staff | | Volunteers | |
|-----------------------|-----------------|------------------|----------------------|---------------------|------------------|-------------|------------------|---------------|
| | | Number of people | Full-Time Equivalent | | Number of people | Total Hours | Number of people | Donated Hours |
| Attorneys | 7 | 1 | 0.50 | 7.50 | 0 | 0 | 0 | 0 |
| Paralegals | 0 | 0 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| Law Students | 0 | 0 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| Professional Services | 0 | 0 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| Clerical/Admin | 1 | 1 | 0.50 | 1.50 | 0 | 0 | 0 | 0 |
| Other Personnel | 1 | 0 | 0.00 | 1.00 | 0 | 0 | 0 | 0 |
| TOTAL | 9 | 2 | 1.00 | 10.00 | 0 | 0 | 0 | 0 |

A. Professional Services Other personnel:

and Other Personnel: Director of Development 1.0 FTE

For each position included under Professional Services and Other Personnel, state the title and full-time equivalent of the position(s).

Volunteers are assisting in development needs. Duties include board service, graphic design, grant writing, and event support (preparing for and volunteering during and after events throughout the year).

2. Use of Non-Legal Professionals

Describe how the organization utilizes non-legal professionals in its service delivery model.



To provide holistic care, Veterans Legal Institute both receives and refers clients to non-legal professionals for health care, housing, education, and employment needs throughout VLI's collaborative network. This includes licensed clinical social workers and evidence-based mental health professionals.

3. How many hours per week does the organization consider a full-time schedule?

40.00

4. Staffing and/or Organizational Changes

Describe any significant changes in staffing levels or structure in the previous calendar year, and its impact on programmatic activities. Identify any significant vacancies and explain whether the organization is actively recruiting for the position, or is holding the position for budgetary or other reasons.

In August 2018, former Co-Founder and CEO Dwight Stirling left Veterans Legal Institute to establish another venture. VLI continues under the leadership of Executive Director and Co-Founder Antoinette Balta with support from William Tanner, Managing Attorney and KellyAnn Romanych, Director of Development. VLI was also able to add one additional UC Irvine Law School Legal Fellow for the period of one year.

IV. Application for Pro Bono Allocation

To qualify for the pro bono allocation in the county(ies) in which the organization provides services, the organization must meet both these requirements (1) coordinate the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified organizations as its principal means of delivering legal services; and (2) demonstrate that its principal means of delivering legal services is "the recruitment of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California" through one of the three tests described in Eligibility Guideline 2.9.

1. Are you applying for the Pro Bono Allocation per the qualifications listed?



If "yes", the organization should annually recruit at least 30 attorneys, OR recruit at least five percent of the licensed attorneys in the county served, OR receive at least 1,000 hours of donated legal services from volunteer attorneys.

Yes

Pro-Bono Eligibility

Los Angeles

In this county, does the organization annually recruit at least 30 attorneys, OR recruit at least five percent of the licensed attorneys in the county served, OR receive at least 1,000 hours of donated legal services from volunteer attorneys in this county?

Yes

| POSITION | PAID | | VOLUNTEER | |
|--------------|----------|--------------|------------|--------------|
| | PEOPLE | HOURS | PEOPLE | HOURS |
| Attorneys | 8 | 1,731 | 52 | 582 |
| Paralegals | 0 | 0 | 18 | 102 |
| Law Students | 0 | 0 | 48 | 1,330 |
| TOTAL | 8 | 1,731 | 118 | 2,014 |

Eligibility Results for Los Angeles county

| | |
|--------|----|
| Test A | NO |
| Test B | NO |
| Test C | |



Since inception, VLI has always has a leveraged a significant number of pro bono attorneys, paralegals, and law clerks to paid staff.

In 2018, VLI conservatively estimates 52 attorneys provided over 3061 hours to all indigent clients in all counties. The numbers provided in the table are a conservative estimate of pro bono legal services provided to indigent clients in LA County. At least 58% of VLI's clients are indigent living in California. This number jumps to 62% if including indigent veterans from out of state that have no other recourse for free legal aid, especially for veterans benefit and military sexual trauma. LA County clients represent approximately 19% of this 58% indigent client total. No less than 30 pro bono attorneys are directly attributable to indigent clients in Los Angeles County.

All of the attorneys we recruit have special expertise needed to provide services. All have a military connection in being former service, military family members and veteran advocates. Moreover, many have specialized JAG experience. As a result, they understand the impact of military service on transitioning successfully to civilian life. Many are at the top of the profession in litigation and mediation in top requests for service in family law, veterans benefits, immigration, consumer, and housing law. Further, these attorneys are available to travel to and attend over 40 clinics dates for innovative strategic outreach clinics from the Veterans Administration Hospital in Long Beach through locations in Orange County as described in this application.

In 2018 we increased paid staff hours to keep up with demands for service and to need to place more cases with PBI attorneys with legal expertise.

Beyond pro bono attorney, paralegal, and law clerk hours, in 2018 VLI conservatively estimates an additional 305 hours from legal assistants and 135 hours from office assistants working directly on on indigent cases in LA county.

STAFF VIEW ONLY

Pro-Bono Allocation Eligible:

Pending



Orange

In this county, does the organization annually recruit at least 30 attorneys,
OR recruit at least five percent of the licensed attorneys in the county
served, OR receive at least 1,000 hours of donated legal services from
volunteer attorneys in this county?

Yes

| POSITION | PAID | | VOLUNTEER | |
|--------------|--------|-------|-----------|-------|
| | PEOPLE | HOURS | PEOPLE | HOURS |
| Attorneys | 8 | 3,550 | 52 | 1,194 |
| Paralegals | 0 | 0 | 18 | 210 |
| Law Students | 0 | 0 | 48 | 2,731 |
| TOTAL | 8 | 3,550 | 118 | 4,135 |

Eligibility Results for Orange county

| | |
|--------|----|
| Test A | NO |
| Test B | NO |
| Test C | |



Since inception, VLI has always has a leveraged a significant number of pro bono attorneys, paralegals, and law clerks to paid staff. In 2018, VLI conservatively estimates 52 attorneys provided over 3061 hours to all indigent clients in all counties. The numbers provided in the table are a conservative estimate of pro bono legal services provided to indigent clients in Orange County. At least 58% of VLI's clients are indigent living in California. This number jumps to 62% if including indigent veterans from out of state that have no other recourse for free legal aid, especially for veterans benefit and military sexual trauma. Orange County clients represent approximately 39% of this 58% indigent client total. No less than 30 attorneys are directly attributable to indigent clients in Orange county.

All of the attorneys we recruit have special expertise needed to provide services. All have a military connection in being former service, military family members and veteran advocates. Moreover, many have specialized JAG experience. As a result, they understand the impact of military service on transitioning successfully to civilian life. Many are at the top of the profession in litigation and mediation in top requests for service in family law, veterans benefits, immigration, consumer, and housing law. Further, these attorneys are available to travel to and attend over 40 clinics dates for innovative strategic outreach clinics from the Veterans Administration Hospital in Long Beach through locations in Orange County as described in this application.

In 2018 we increased paid staff hours to keep up with demands for service and to need to place more cases with PBI attorneys with legal expertise.

Beyond pro bono attorney, paralegal, and law clerk hours, in 2018 VLI conservatively estimates an additional 627 hours from legal assistants and 277 hours from office assistants working directly on on indigent cases in Orange county.

STAFF VIEW ONLY

Pro-Bono Allocation Eligible:

Pending



A. Non-Attorney Veterans Legal Institute uses volunteers who are not attorneys in all three functional areas of

Volunteers: legal services, management/administration, and fundraising. In legal services, volunteers will

Describe how your organization utilizes volunteers who are not attorneys.

meet and greet clients at the office and clinics, put them at ease, and help them begin intake process. As well, volunteers will input data and maintain files. Qualified volunteers will do legal research and support preparing documents while under supervision. In management, qualified and experienced volunteers help manage human resources for both paid and volunteer staff. With fundraising, qualified and experienced volunteers will seek sponsor and auction item support prior to events, events, research and write grants, write other outreach documents, and support social media.

2. Tracking Volunteer Hours

Describe how the organization obtains and maintains information about hours of service donated by volunteers. If the organization does not have written documentation corroborating the legal services hours reported, explain the basis of the reported figures. For example, if the organization relies upon estimates, provide the elements that were factored into the calculations.

Volunteers hours are tracked by survey, by planning documents, through PRIME, and by email correspondence.

3. Legal Services Staff Hours

If the applicant does not count all staff hours worked as legal services hours, for each paid staff position, explain the method used to calculate the number of legal services hours and, with respect to each county, describe the general nature of the non-legal services activities.

With the exception of Co-Founder Balta, all paid legal staff hours worked in 2018 were legal service hours. In order to meet development, recruiting, leadership collaborations, and fundraising obligations, Co-Founder Balta spent 80% of her time on nonlegal service activities. Time is generally divided between the counties at 97% in Orange County and 3% in Los Angeles County. These calculations were based on office and majority of clinics being in Orange County. The Veterans Administration Hospital Long Beach Clinic, within Los Angeles County, is five hours out of a 160 hour month.

V. Quality Control Review

1. Quality Control Report

Has the organization received a written quality control review from the Legal Services Corporation, the California Department of Aging, or an Area Agency on Aging in the previous calendar year?



No

2. Legal Services Staff Supervision

Describe how legal services staff are supervised to ensure quality service. Identify supervisory personnel and provide information regarding their oversight (frequency of case management meetings, etc.). If there is only one staff attorney or the organization only employs contract attorneys, describe how oversight and quality control are ensured.

Case management conferences are held weekly, with staff attorneys, pro bono attorneys and law clerks updating Mr. Tanner on their caseloads and receiving advice and guidance on strategy, tactics, and client interaction.

3. Volunteer Supervision

Describe the method(s) by which volunteers (attorneys, paralegals, and law students) are supervised. If the organization does not actively supervise volunteers or review their work product, how does the organization ensure compliance with its quality standards?

Managing Attorney William Tanner interacts with the volunteers on a daily basis. In his absence, staff attorney and Equal Justice Works AmeriCorps Legal Fellow Allison Higley provides daily oversight.

4. Describe case opening and closing oversight practices.

Applications are assigned to staff members or volunteers, who contact the applicants to receive a background of the facts and circumstances of the case. Mr. Tanner is then briefed on the application, who decides whether to accept it or not. As to closing, when the work has been completed for a client, the pertinent staff member or volunteer meets with Mr. Tanner, who ensures a closing letter is sent, the client is advised as to all work performed, next steps, and how to obtain the physical file/s, and the file/s are added to the comprehensive filing system.

VI. Sources of Funding



Use the table below to itemize the organization's sources of funding in the calendar year 2018.

Enter the cash amount received for each funding source. Do not include State Bar monies.

- Under Foundations, list the largest three grants by organization, and then add the remaining amounts together under Other Foundation Funding.
- Under Government Resources, for each Federal, State, and Cities and Counties, list the largest three grants by agency, and then add the remaining amounts together in the corresponding Other field.

Sources of Funding

| Source | Amount Received |
|--|-----------------|
| Individual Contributions | |
| Attorneys/Private Donors/Individual Gifts | \$27,376 |
| Event Sponsorship/Special Events | \$263,984 |
| Other | \$0 |
| Total | \$291,360 |
| Organizations | |
| Bar Associations | \$22,000 |
| Law Firms | \$0 |
| Law Schools | \$71,429 |
| Other, including subgrants from nonprofits | \$77,074 |
| Total | \$170,503 |
| Foundations | |
| Rothenbuehler Foundation | \$80,000 |
| Hoag Hospital Foundation | \$12,000 |
| Fidelity Charitable Foundation | \$15,000 |
| Other Foundation Funding | \$49,500 |



| | | |
|-------------------------------|--|-----------|
| Total | | \$156,500 |
| Legal Services Corporation | | \$0 |
| Area Agency on Aging | | \$0 |
| Total | | \$0 |
| Government Resources | | |
| Federal (not LSC or OAA) | | |
| | | \$0 |
| | | \$0 |
| | | \$0 |
| Other Federal Funding | | \$0 |
| State | | |
| | | \$0 |
| | | \$0 |
| | | \$0 |
| Other State Funding | | \$0 |
| Cities and Counties | | |
| County of Orange | | \$34,236 |
| City of Mission Viejo | | \$3,500 |
| City of Tustin | | \$1,558 |
| Other City and County Funding | | \$0 |
| Total | | \$39,294 |
| Residual and Cy Pres Awards | | |
| State Court | | \$0 |
| Federal Court | | \$0 |
| Total | | \$0 |
| Fees and Reimbursements | | |
| Attorneys' Fees | | \$0 |
| Client-Paid Amounts | | \$0 |
| Cost Reimbursements | | \$0 |



| | |
|--------------------------------|-----------|
| Other Professional Fees | \$0 |
| Total | \$0 |
| Other Cash Support | |
| Rent Revenue | \$0 |
| | \$0 |
| | \$0 |
| | \$0 |
| | \$0 |
| Total | \$0 |
| TOTAL OF NON-STATE BAR REVENUE | \$657,657 |



A. Other Funding: Notes:

Itemize sources included in any "other" line items listed in the Sources of Funding table

The following adjustments were made to reasonably fill the table using the 2018 audit and 2018 banking records:

Individual contributions: \$393,673 (audit) - \$366,297 (aggregate of orgs, foundations, and govt in table) = \$27,376

Event contributions: \$303,964 (audit) - \$39,980 (2018 IOLTA/EAF monies required to exclude) = \$263,984

Other foundations:

Sunwest Bank Foundation \$5,000

Crean Foundation \$5,000

California Scottish Rite \$5500

Judicate West Foundation \$10,000

Orange County Charitable Foundation \$5000

John H. Grace Foundation \$5000

Shady Canyon Golf Charitable Foundation \$8000

Schwab Charitable Foundation \$6,000

Subtotal other foundations: \$49,500

Other nonprofits:

Volunteers of America \$34,000

Equal Justice Works AmeriCorps \$29,074

Child Guidance Center \$7000

Working Wardrobes \$7000

Subtotal other nonprofits: \$77,074

VII. Total Corporate Expenditures

Organization's Fiscal Year December 31
End:

1. Upload Audited or Reviewed Financial Statement Ended in the Previous Year



Applications must include the audited or reviewed financial statements for the organization's fiscal year ending in 2018; Qualified expenditures will be calculated based on this document. The organization is required to submit a current audited or reviewed financial statement as soon as possible and no later than May 1, 2019. (See Application Instructions for further details and information.)

Veterans_Legal_Insititute's_2018_Audited_Financial_Statements__(1).pdf

494.5 KB - 07/11/2019 10:37am

Veterans_Legal_Institute_2018_Audit_Report.pdf

169.2 KB - 05/09/2019 3:50pm

Total Files: 2



Total Corporate Expenditures

| NON-CASH | Expenditures |
|-------------------------------------|--------------|
| In-Kind/Donated Services | \$107,747 |
| Unrealized Losses | \$0 |
| Other | \$0 |
| Total Non-Cash Items | \$107,747 |
| PASS-THROUGH / FISCAL SPONSOR | Expenditures |
| Pass-through | \$0 |
| Total Pass-through | \$0 |
| PERSONNEL | Expenditures |
| Lawyers | \$294,383 |
| Paralegals | \$0 |
| Other Staff | \$73,669 |
| Subtotal | \$368,052 |
| Employee Benefits | \$82,232 |
| Total Personnel | \$450,284 |
| NON-PERSONNEL | Expenditures |
| Space | \$29,670 |
| Equipment Rental and Maintenance | \$0 |
| Office Supplies and Small Equipment | \$9,862 |
| Printing and Postage | \$10,492 |
| Telecommunications | \$4,064 |
| Technology | \$0 |
| Program Travel | \$1,620 |
| Training | \$0 |
| Library | \$3,284 |
| Insurance | \$4,456 |
| Audit | \$5,000 |
| Litigation | \$0 |



| | |
|--|-----------|
| Depreciation | \$1,538 |
| Contract Service to Clients | \$0 |
| Contract Service to Program | \$12,852 |
| Other | \$20,397 |
| Total Non-Personnel | \$103,235 |
| TOTAL EXPENDITURES (Personnel + Non-Personnel +Non-Cash+Pass-through) | \$661,266 |
| TOTAL QUALIFIED CORPORATE EXPENDITURES (Personnel + Non-Personnel) | \$553,519 |

Please itemize all expenses included under Depreciation.

Depreciation \$1538 for furniture and equipment was depreciated.

Please itemize all expenses included under Contract Service to Program.

Legal fees \$5352
Professional fees \$7500

Please itemize all expenses included under Other (Non-Personnel).



Other:

\$484 Advertising expenses

\$6068 Programs (backgrounds, facilities and equipment, operations, and insurances)

\$4545 Management and general (contract services in email migration, HR consulting support, and furniture moving). This is shown as \$9545 on audit and \$5,000 of these dollars were moved to line item for audit.

\$7,000 to Think Tank. Previously, a Think Tank was developed under VLI and grew to where it had to split off into its own organization. \$140,000 in funds were distributed to that new organization as a one time basis. The payments were made in two equal installments in December 2018 and June 2019. In consultation with accountant, this total cost of \$140,000 was amortized over 20 years and the 2018 audit was adjusted accordingly and uploaded.

\$2,300 was paid to Patriots and Paws, a fellow nonprofit organization from its participation in a bowling fundraiser. This bowling fundraiser was being put on by a realtor group who required VLI to collect the donations directly and split the proceeds with Patriots and Paws. This also was a one time action since VLI in practice does not act as a pass-through organization.

\$20,397 Total for Other

3. Explain Any Variance

If your organization's reported corporate expenditures do not align with your organization's uploaded audit, please explain the variance.

NA

VIII. Qualified Expenditures

Qualified Expenditures

| Questions | Amount | Explanation |
|---|-----------|-------------|
| 1. Total Corporate Expenditures from the previous fiscal year | \$553,519 | |



| | | |
|--|-----------|--|
| 2. Did the corporation engage in activities other than the delivery of legal services? | \$9,300 | \$7,000 provided to Think Tank went growing out into a new separate venture. Total amount to Think Tank is \$140,000 amortized over 20 years. The total amount of \$140,000 was paid out in two equal installments in December 2018 and June 2019. \$2,300 to Patriots and Paws as a result of being co-beneficiaries of another charitable organization fundraiser. Think Tank and Patriots and Paws costs are one time only. |
| 3. Did the corporation lease or sublease space to another organization? | \$0 | N/A |
| 4. With regards to leased or subleased space, did the organization incur property management expenses, whether as primary owner or lessor? | \$0 | N/A |
| 5. Did you provide legal services in criminal matters? | \$0 | All cases in 2018 met the definition of civil legal matters |
| 6. Did you charge clients for any legal services in civil matters, other than requiring payment for costs and expenses or processing fee of \$20 or less? | \$0 | VLI does not charge clients for legal services |
| 7. Did you provide any free civil legal services to persons who were not indigent as defined in B & P Code Section 6213(d) and Eligibility Guidelines 2.3.3 and 2.3.4, or to organizations not providing benefits primarily on behalf of indigent? | \$193,731 | <p>For this line item, the calculations are for CA non-indigent clients only.</p> <p>Total CA indigent cases: 1711 Total CA non-indigent cases: 1034 Total CA active cases: 2745 Total Active Cases (in state and out of state): 2940</p> <p>CA non-indigent / Total active cases = 1034 / 2940 = 35%</p> <p>\$553,519 x 0.35 = \$193,731</p> |



8. Did you provide free civil legal services outside California?

\$33,211

For this line item, all out of state client who were indigent and non-indigent are included in the \$33,211.

Total # of out of state cases = 195

Total # indigent out of state cases = 102

Total # of active cases = 2940

$\$553,519 \times 0.06 = \$33,211$

6% of cases were for clients outside of CA who had no other recourse to free legal services due to military sexual trauma, other veterans benefit issue, or relocation out of state. All casework done through VLI office in Santa Ana, CA.

9. Did your organization incur expenses that did not contribute to the provision of civil legal services to indigent people and that were not itemized above?

\$0 N/A

10. TOTAL EXPENDITURES FOR NON-QUALIFIED ACTIVITIES

\$236,242

11. SUB-TOTAL OF QUALIFIED EXPENDITURES

\$317,277

12. PERCENT OF QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS

Once you have completed and saved the Qualified Expenditures table above, click the "Save & Finish Later" button below to calculate this percentage.

57.32%

A. Less than 75% Explanation

If the percentage of expenditures for free civil legal services to indigent persons calculated above is less than 75 percent, explain how the organization meets the primary purpose requirement for funding (B&P §6213(a)).



Please note: Previously, a Think Tank was developed under VLI and grew to where it had to split off into its own organization. \$140,000 in funds were distributed to that new organization as a one time basis. The payments were made in two equal installments in December 2018 and June 2019. In consultation with accountant, this total cost of \$140,000 was amortized over 20 years (\$7,000 each year), and the 2018 audit was adjusted accordingly and uploaded.

As well, the \$2,300 paid to Patriots and Paws was a one time payment required by the host of a mutual fundraiser in order for VLI to participate as a beneficiary.

Since its founding in 2014, Veterans Legal Institute's mission, by laws, financial guidelines, and case acceptance policies are to provide free legal services to homeless, disabled, low-income, and at-risk current and former US service members. In order to reach the indigent population within the military community, VLI expends on office, website, and maintaining relationships and clinic dates at six off-site veteran hotspots. VLI has always operated from a position of having more volunteer attorneys, paralegals, law students than paid staff. Last year, VLI qualified for the pro bono allocation for 2019.

VLI's outreach through innovative and strategic clinics began early in its founding with the medical-legal partnership at the Veterans Administration Hospital in Long Beach. This monthly clinic generally sees 30-40 medically frail veterans. Since founding, the clinic locations have expanded to include the North County Vet Center in Garden Grove, CA; the Starbucks Coffee house in Santa Ana; Saddleback College (home to over 1200 combat veteran students) in Mission Viejo; the City of Mission Viejo; and the Orange County Veterans Service Office in Santa Ana. In 2019/2020, VLI expects to expand into the Inland Empire by duplicating it's model at the Riverside and San Bernardino County Veterans Service Offices where veterans are disproportionately affected by extremely low income levels and high unemployment. VLI continues to stage family law, estate planning, bankruptcy, and veterans benefits clinics in house that bring together professionals from all industries to ensure the indigent veteran population receives access to justice.

At least 75% of VLI's overall client population can be identified as being 75% or less of the maximum levels of income for lower income households in Orange and Los Angeles Counties where VLI primarily operates. These numbers were not counted in the indigent calculations in this application. As VLI becomes more well known in the veteran community and with collaborating organizations, it is attracting more inquiries and applications.

In trying to prevent veteran homelessness, VLI pays particular attention to those at-risk veterans and military families who are on the borderline of low-income who live paycheck to paycheck when they present with pressing legal issues which if unmet could result in becoming homeless or indigent.

13. Exchanged Funds



Did the organization exchange funds with another legal services project that is applying for a State Bar grant?

No

14. TOTAL DEDUCTION OF EXCHANGED FUNDS

\$0

15. Shriver Funds

Enter funds received for a grant (or subgrant/subcontract) for a pilot project pursuant to the Sargent Shriver Civil Counsel Act of 2009.

\$0

16. TOTAL QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$317,277

Enter all IOLTA and EAF expenditures for 2018 in 17a and 17b, respectively. This should include any carry-over from 2017

Reference Button:

17a. IOLTA Expenditures Net of Capital Additions (FISCAL YEAR)

\$15,070

17b. EAF Expenditures Net of Capital Additions (FISCAL YEAR)

\$24,910

17c. IOLTA AND EAF EXPENDITURES NET OF CAPITAL ADDITION EXPENDITURES (AUTO-CALCULATED)

\$39,980



18. GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$277,297

19. Upload Any Additional Expenditure Documents

Include any additional documents regarding the information entered in this form.

VIII-A. Expenditures by County

GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$277,297

1. Allocation of Expenditures for Each County

If you provide free civil legal services to indigent persons in more than one county, describe the basis for your by county allocation of expenses and how it relates to the services in each county. Include any calculations or relevant data to support your explanation.



Veterans Legal Institute is based in Santa Ana, CA and takes care of clients in Los Angeles County who cannot travel the thirty (30) miles to the office through the clinic held at the Veterans Administration Hospital in Long Beach, CA.

VLI 2018 stats:

Total active cases: 2940

Total indigent cases: 1813

Total indigent cases in LA County: 572

Total Indigent cases in Orange County: 943

Total indigent cases for other CA counties served through VLI office: 196

Total indigent cases outside of CA: 102

Total indigent cases qualified for funding: $1813 - 102 = 1711$

Total indigent OC + other CA county cases / Total indigent cases qualified for funding:

$943 + 196 / 1711 = 67\%$

Total indigent LA county cases / Total indigent cases qualified for funding:

$572 / 1711 = 33\%$

Calculations for table below:

Los Angeles County = $\$264,783 \times 0.33 = \$87,378$

Orange County = $\$264,783 \times 0.67 = \$177,404$

7/1/2019 revisions to equally divide the CA out of county cases across OC and LA county per procedure change:

Total indigent OC + 1/2 other CA county cases / Total indigent cases qualified for funding:

$943 + 89 / 1711 = 61\%$

Total indigent LA county cases + 1/2 of other CA county cases / Total indigent cases qualified for funding:

$572 + 98 / 1711 = 39\%$

Calculations for table below:

Los Angeles County = $\$264,783 \times 0.39 = \$103,265$

Orange County = $\$264,783 \times 0.61 = \$161,518$

2. New or Discontinued Counties



If applicant is seeking 2020 IOLTA and EAF funds to serve any counties that differ from the counties for which applicant is currently receiving 2019 IOLTA and EAF funds, provide information on new and/or discontinued counties. See application instructions for additional details. Enter N/A if not applicable.

N/A

3. Out of County Work

Describe any work in county(ies) other than those detailed in the questions above. Include name of county(ies), nature of work, start and/or end date, approximate county expenditures, and any other relevant information.

Because VLI is one of the very few public interest law firms in the nation that is military specific with significant expertise in veterans benefits, clients from the following counties have sought out assistance: El Dorado, Fresno, Glenn, Imperial, Kern, Lake, Marin, Mono, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Joaquin, Santa Barbara, Santa Clara, Santa Cruz, Santa Maria, Stanislaus, and Ventura. Requests for legal services included veterans benefits, family law, housing, employment, and expungements. The expenditures would be through the VLI office which supports the incoming applications, phone inquires, and those veterans that are still transitioning into a more permanent residence.



Expenditures by County

Previous Fiscal Year Quarterly Reports:

Los Angeles

| County Expenditures (Fiscal year) | IOLTA Expenditures (Fiscal year) | EAF Expenditures (Fiscal year) | Qualified Expenditures |
|-----------------------------------|----------------------------------|--------------------------------|------------------------|
| \$123,738 | \$2,650 | \$4,380 | \$116,708 |

Orange

| County Expenditures (Fiscal year) | IOLTA Expenditures (Fiscal year) | EAF Expenditures (Fiscal year) | Qualified Expenditures |
|-----------------------------------|----------------------------------|--------------------------------|------------------------|
| \$193,539 | \$12,420 | \$20,530 | \$160,589 |

County Totals

| County Expenditures (Fiscal year) | IOLTA Expenditures (Fiscal year) | EAF Expenditures (Fiscal year) | Qualified Expenditures |
|-----------------------------------|----------------------------------|--------------------------------|------------------------|
| 317277 | 15070 | 24910 | 277297 |

IX. Certifications & Assurances

Upload Signed
Certifications &
Assurances Document:

IX__Certification_and_Assurances.pdf
901.7 KB - 05/31/2019 11:24am

Total Files: 1

Supporting Documents (Optional)



When naming optional supporting documents, please include the Organization's acronym (or short name) and a 1-5 word description of the file.

Pro Bono Eligible: No

Grant Adjustment:

Check Request to
Finance:

Key Documents Review (Org. Profile)

IRS Determination Letter:

Veterans_Legal_Institute___Tax_Exempt_Status.pdf

339.3 KB - 05/12/2017 1:15pm

Total Files: 1

Board Roster :

Veterans_Legal_Institute_Board_of_Directors_2017_-_Roster.pdf

59.4 KB - 05/29/2017 11:27am

**Veterans_Legal_Institute_Board_of_Directors_2018_-
_Updated_May_2018.pdf**

58.5 KB - 05/23/2018 5:01pm

**Veterans_Legal_Institute_Board_of_Directors_2019_-_20190508_-
_Roster.pdf**

58.9 KB - 05/09/2019 1:14pm

Total Files: 3



VETERANS LEGAL INSTITUTE
(A California not-for-profit corporation)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
December 31, 2018

With comparative statements
for the year ended December 31, 2017

TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

VETERANS LEGAL INSTITUTE
(A California not-for-profit corporation)

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HZ CPAs & Advisors, P.C.

To the Board of Directors
Veterans Legal Institute
Santa Ana, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of **Veterans Legal Institute**, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flow for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the organization's 2017 financial statements and in our report dated March 9, 2018, an unmodified opinion was expressed on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Veterans Legal Institute** as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2019 on our consideration of **Veterans Legal Institute**' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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* in considering **Veterans Legal Institute**' internal control over financial reporting and compliance.

HZ CPAs & Advisors, P.C.

Buena Park, California
March 15, 2019

VETERANS LEGAL INSTITUTE
STATEMENT OF FINANCIAL POSITION
As of December 31, 2018
(With comparatives as of December 31, 2017)

| ASSETS | | <u>2018</u> | <u>2017</u> |
|---|----|-----------------------|--------------------------|
| Current assets | | | |
| Cash and cash equivalents | \$ | <u>346,945</u> | <u>\$ 270,746</u> |
| Total current assets | | <u>346,945</u> | <u>270,746</u> |
| Other assets | | | |
| Amortizable support for veteran serving organizations | | 140,000 | |
| Less: accumulated amortization | | <u>(7,000)</u> | |
| Net amortizable support for veteran serving organizations | | <u>133,000</u> | |
| Total other assets | | <u>133,000</u> | |
| Noncurrent assets | | | |
| Furniture and equipment (Note 4) | | 10,882 | 4,500 |
| Less: accumulated depreciation (Note 4) | | <u>(3,338)</u> | <u>(1,800)</u> |
| Net furniture and equipment | | 7,544 | 2,700 |
| Security deposit | | <u>1,971</u> | <u>1,971</u> |
| Total noncurrent assets | | <u>9,515</u> | <u>4,671</u> |
| TOTAL ASSETS | \$ | <u><u>489,460</u></u> | <u><u>\$ 275,417</u></u> |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities | | | |
| Accounts payable | \$ | <u>74,925</u> | <u>\$ 5,000</u> |
| Total current liabilities | | <u>74,925</u> | <u>5,000</u> |
| Total liabilities | | <u>74,925</u> | <u>5,000</u> |
| Net assets | | | |
| Net assets without donor restrictions | | <u>414,535</u> | <u>270,417</u> |
| Total net assets | | <u>414,535</u> | <u>270,417</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ | <u><u>489,460</u></u> | <u><u>\$ 275,417</u></u> |

The accompanying notes are an integral part of these financial statements.

VETERANS LEGAL INSTITUTE
STATEMENT OF ACTIVITIES
For the year ended December 31, 2018
(With comparative totals for the year ended December 31, 2017)

| | <u>2018</u> | <u>2017</u> |
|--|--------------------------|--------------------------|
| SUPPORT AND REVENUES | | |
| Grants and contributions | \$ 393,673 | \$ 434,450 |
| Special Events (net of expenses of \$73,417) | 303,964 | |
| Donated goods and services | <u>107,747</u> | <u>144,192</u> |
| Total support and revenues | <u>805,384</u> | <u>578,642</u> |
| EXPENSES | | |
| Program services | 625,313 | 521,205 |
| Management and general | 35,953 | 52,610 |
| Fundraising | <u>1,068</u> | <u>1,068</u> |
| Total expenses | <u>661,266</u> | <u>574,883</u> |
| Increase in net assets | 144,118 | 3,759 |
| Net assets, beginning of the year | <u>270,417</u> | <u>266,658</u> |
| Net assets, end of the year | <u><u>\$ 414,535</u></u> | <u><u>\$ 270,417</u></u> |

The accompanying notes are an integral part of these financial statements.

VETERANS LEGAL INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018
(With comparative totals for the year ended December 31, 2017)

| | Programs | Management and general | Total expenses | 2017 Total expenses |
|---|-------------------|---------------------------|-------------------|------------------------|
| EXPENSES: | | | | |
| Grants, contracts, & direct assistance: | | | | |
| Contributions to other organizations | \$ 9,300 | \$ | \$ 9,300 | \$ 159,800 |
| Donated goods and services | 107,747 | | 107,747 | 144,192 |
| Total grants, contracts, & direct assistance: | 117,047 | | 117,047 | 303,992 |
| Salaries and related expenses: | | | | |
| Salaries and wages | 354,802 | 13,250 | 368,052 | 243,140 |
| Payroll taxes | 79,363 | 2,869 | 82,232 | 73,991 |
| Total salaries and related expenses: | 434,165 | 16,119 | 450,284 | 317,131 |
| Contract service expenses: | | | | |
| Legal fees | 5,207 | 145 | 5,352 | 6,932 |
| Professional fees | 7,500 | 7,500 | 7,500 | 12,500 |
| Total contract service expenses: | 5,207 | 7,645 | 12,852 | 19,432 |
| Nonpersonnel expenses: | | | | |
| Supplies | 8,928 | 934 | 9,862 | 7,028 |
| Telephone and telecommunication | 4,064 | | 4,064 | 5,123 |
| Postage and shipping | 2,523 | | 2,523 | 1,082 |
| Printing and copying | 7,969 | | 7,969 | 2,745 |
| Books, subscriptions, references | 3,284 | | 3,284 | 3,449 |
| Total nonpersonnel expenses: | 26,768 | 934 | 27,702 | 19,427 |
| Facility & equipment expenses: | | | | |
| Rent, parking, other occupancy | 29,670 | | 29,670 | 27,959 |
| Depreciation | 1,538 | | 1,538 | 1,800 |
| Total facility & equipment expenses: | 31,208 | | 31,208 | 29,759 |
| Travel & meetings expenses: | | | | |
| Travel | 1,620 | | 1,620 | 3,401 |
| Total travel & meeting expenses: | 1,620 | | 1,620 | 3,401 |
| Other expenses: | | | | |
| Insurance | 3,230 | 1,226 | 4,456 | 6,917 |
| Advertising expenses | | 484 | 484 | 1,174 |
| Donor appreciation events | | | | 19,620 |
| Other expenses | 6,068 | 9,545 | 15,613 | 13,830 |
| Total other expenses: | 9,298 | 11,255 | 20,553 | 41,541 |
| Total expenses | \$ 625,313 | \$ 35,953 | \$ 661,266 | \$ 734,683 |

The accompanying notes are an integral part of these financial statements

VETERANS LEGAL INSTITUTE
STATEMENT OF CASH FLOWS
For the year ended December 31, 2018
(With comparative totals for the year ended December 31, 2017)

| | <u>2018</u> | <u>2017</u> |
|---|--------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 144,118 | \$ 3,759 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 1,538 | 1,800 |
| Amortization | 7,000 | |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in assets: | | |
| Furniture and equipment | (6,382) | |
| Amortizable support for veteran serving organizations | (140,000) | |
| Increase (decrease) in liabilities: | | |
| Accounts payable | <u>69,925</u> | <u>5,000</u> |
| Net cash provided by operating activities | <u>76,199</u> | <u>10,559</u> |
| Net increase in cash | <u>76,199</u> | <u>10,559</u> |
| Cash - beginning of the year | <u>270,746</u> | <u>260,187</u> |
| Cash - end of the year | <u><u>\$ 346,945</u></u> | <u><u>\$ 270,746</u></u> |

The accompanying notes are an integral part of these financial statements.

VETERANS LEGAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES

ORGANIZATION

Veterans Legal Institute (VLI) empowers our nation's heroes and their families with a holistic approach. VLI is a 501 (c) 3 public interest law firm that is one of the very few in the nation totally dedicated to and military specific in providing pro bono legal assistance to veterans. Founded in 2014, our enduring goal is to greatly reduce veteran suicide and homelessness. Our clientele are homeless, at-risk, low income and disabled veterans and active service members. VLI's mission is to eradicate barriers to housing, education, employment, and healthcare and to foster self-sufficiency. VLI also advocates on behalf of its clients by providing community education and training in an effort to increase awareness, resources, and overall protections.

Studies show us that receiving care from peers generates the strongest and most enduring results. This holds true in our experience where all our staff have military experience and/or are spouses of veterans. To date, VLI has served over 5,000 veterans, and recovered over two million dollars in veterans' benefits across Southern California.

Needs:

Southern California has one of the largest concentrations of military veterans in the nation. The number of homeless, unemployed, underemployed, and low-income veterans in Orange County continues to grow as more service members return after completing service in Iraq, Afghanistan, and other postings overseas. While Orange County is distinguished at being 4th in veteran population, it is also challenged by having the highest median rent according to a recent US Census report.

Most of VLI's clients live across Southern California, with the top four cities being Santa Ana, Anaheim, Long Beach, and Los Angeles. Many live with traumatic brain injuries, PTSD, or complex challenges from military sexual trauma. Veterans are between 19-99 years old, have families with 1-5 children, and on average earn less than \$1,000 a month. Those in college live frugally off benefit allowances, couch surf, or live in cars.

Success Story:

Consider the transformative case of Judith, a United States Navy veteran who served four years as an Operations Specialist. Judith was the victim of military sexual trauma which left her completely unable to work, homebound, and suicidal. Her father became Judith's 24-hour caregiver to prevent her suicide attempts. The family was under constant financial strain and at-risk for homelessness.

VETERANS LEGAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES (continued)

After applying with VLI, Judith was quickly matched to a VLI volunteer staff attorney - a Navy veteran and an expert in veterans' benefits. With his expert guidance, Judith went from having no benefits at all to being 100% service-connected, providing her with \$3,500 a month in tax free income. Also, Judith's father was successfully recognized in the caregiver program, providing an additional \$1,500 a month in tax free income to him. Further, Judith successfully enrolled in the Military Sexual Trauma clinic at the VA Hospital in Long Beach. Now, Judith is receiving vital healthcare treatment as her therapists continue to support her and to document her trauma. As a result, Judith and her father live with greater financial security, dignity, and hope for a healthier future.

Program activities:

Veterans can apply online, call the office and speak to a live person, attend one of VLI's many mobile legal clinics like the VA Hospital Long Beach, or be referred by several collaborating agencies. VLI completes legal work in house and farms out specialized areas of the law to pro bono civilian attorneys from a variety of firms. Areas of law include (but are not limited to) discharge upgrades, VA pensions and healthcare access, landlord-tenant disputes, and restoring driver's licenses. No veteran ever receives a bill.

Veterans can show up to a clinic or reserve a spot in advance. Attorneys or volunteers greet the veteran, put them at ease, and begin the intake process. An initial application is filled out which requests the applicant's military history, income and basic case information. Those who fall within the eligibility of VLI as low income, within our geographic area, and have a case type that VLI services are selected. Those veterans who require wrap around services are referred to evidence-based collaborators.

VLI collaborates with over 70 organizations through leadership in the Orange County Veterans and Military Families Collaborative. Also, VLI is a partner in the Strong Families, Strong Children collaborative. SFSC is a consortium of five nonprofit partners (Child Guidance Center, Human Options, Children and Family Futures, Families Forward, and Veterans Legal Institute) bringing together a coordinated, Community-based approach to provide an array of support services to underserved OC veteran and military families (including children). Services include: evidence-based mental health and trauma treatment; domestic violence and substance abuse prevention; housing; basic needs; legal assistance and advocacy; and program evaluation and outcome measurement.

Program goal:

To increase the quantity and quality of strategic, free legal aid to qualified active and former service members to empower self-sufficiency.

VETERANS LEGAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES (continued)

Objectives for 2019:

1. Continue: strategic mobile outreach clinics at the veteran hotspots: VA Hospital Long Beach, Starbucks Coffeehouse next to the Santa Ana Civic Center, Saddleback College, the City of Mission Viejo, The North County Vet Center in Garden Grove, and the Orange County Veterans Service Office.
2. Continue: specialty clinics for family law, women veterans, and disability benefits in the VLI office, thereby expanding choice and options to access expert pro bono attorneys in these focus areas.

Outcomes for 2018:

1. Remove legal barriers to increase access to housing, employment, healthcare, and education for up to 400 unduplicated clients for a full calendar year via clinics.
2. Increase scope, range, and quality of legal services provided to the veteran community by expanding the number of total veterans served to 5,500 by the end of 2018.

Program reporting:

Outcomes are measured through an extensive computer reporting system called PRIME that defines various types of outcomes. General civilian legal issue reporting includes money won, money waived, reason closed, how the case was resolved (through litigation, settlement, etc.) and more. Military specific areas are measured by outcome received and what types of benefits are newly achieved as a direct result thereof, whether monetary, or in terms of education, health or cemetery benefits. Qualitative results are gathered during client case closure, permission to use personal stories in testimonials, and regular requests for feedback from collaborators and public discussions.

Sustainability:

Direct donations, beneficiary and annual events, and a variety of grants generate revenue, which we leverage with volunteers, collaborations, and leadership positions. Major subgrants or repeat sponsors of our clinics include Equal Justice Works AmeriCorps Legal Fellow, Volunteers of Los Angeles Orange County, American Warrior Project with OC Goodwill, and the Orange County Bar Association. VLI has also successfully acquired funding as a public interest law firm through the State Bar of California. Towards its commitment to transparency, VLI has received Platinum Seal with GuideStar, accreditation with The Patriot's Initiative, and a multiyear contract with DiversityComm for publication in their print and online US Veterans Magazine.

VETERANS LEGAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, Veterans Legal Institute considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment are capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations."

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The FASB Accounting Standard Update issued in August of 2016 requires that net assets be classified into two categories. VLI has accordingly adopted this classification:

Net assets without donor restrictions – Net assets that are not subject to any donor-imposed requirements.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions regarding to their special purpose other than normal programs and operations. For example, contributions received for fixed asset acquisitions will be recorded as net assets with donor restrictions. Perpetual restrictions such as endowment are another example.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL STATEMENT PRESENTATION (continued)

Below is a general reference of comparison between previously reported categories and the new reporting convention.

| Previously reported | New reporting |
|----------------------------|---------------------------------------|
| Unrestricted net assets | Net assets without donor restrictions |
| Temporarily restricted | Net assets with donor restrictions |
| Permanently restricted | |

ESTIMATES

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

CONTRIBUTED GOODS AND SERVICES

The accompanying financial statements include amounts of materials, equipment and services donated to Veterans Legal Institute. The basis of valuation of these donations is generally in-house appraisal or fair market value as indicated by the person or agency making the donation. Included in the statement of activities is \$107,747 of volunteer services as both revenue and expense.

INCOME TAXES

Veterans Legal Institute is a not-for-profit organization that is exempt from Federal and state income taxes under the Internal Revenue Code Section 501(c) (3) and the California State Revenue and Taxation Code 23701 (d) except on net income derived from unrelated business activities. The organization's management believes that it has support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Veterans Legal Institute's Forms 990, Return of Organization Exempt from Income Tax for the years ending December 31, 2016, 2017 and 2018, are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

NOTE 3 – LIQUIDITY OF ORGANIZATION

According to Accounting Standard Update (ASU) 2016-14, VLI' management has evaluated how the organization manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet. VLI has a strong cash balance and stable funding sources from foundations, corporations, and individuals. VLI has a cohesive team that has won respect in the field and by funders. VLI had \$346,945 current assets and \$74,925 current liabilities at December 31, 2018, with a current ratio of 4.6 to 1. All of the current assets were cash. The general expense of the organization was \$794,266 in 2018, and its revenue was \$805,384. Management has confidence that with solid demand for VLI's service and the organization's foundation for integrity, accountability and transparency, VLI is on the path of sustainable operation.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 are comprised of the following:

| <u>Description</u> | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Net book value</u> |
|----------------------------|------------------|-------------------------------------|---------------------------|
| Furniture and equipment | \$ <u>10,882</u> | \$ <u>(3,338)</u> | \$ <u>7,544</u> |
| Net property and equipment | \$ <u>10,882</u> | \$ <u>(3,338)</u> | \$ <u>7,544</u> |

Depreciation expense for the year ended December 31, 2018 was \$1,538.

NOTE 5 – CONCENTRATION OF CREDIT RISK

VLI maintains its cash accounts with local banks. The cash balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per banking institution. As of December 31, 2018, VLI had cash deposits that are above the balance insured by the FDIC in the amount of \$96,945. Management believes that VLI is not exposed to any significant credit risk related to cash because of the solvency of the bank in which these funds are held.

NOTE 6 - SUBSEQUENT EVENTS

Veterans Legal Institute's management has evaluated subsequent events for the period from December 31, 2018, through March 15, 2019, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.



HZ CPAs & Advisors, P.C.

To the Board of Directors
Veterans Legal Institute
Santa Ana, California

**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**

We have audited, in accordance with the auditing standards generally accepted in the United States of American 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 **Veterans Legal Institute**, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Veterans Legal Institute's** internal control over financial reporting (internal control) to determine the 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 **Veterans Legal Institute's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Veterans Legal Institute'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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Veterans Legal Institute'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 or other matters that are required to be reported under Government Auditing Standards.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

H2 CPAs & Advisors, P.C.

Buena Park, California
March 15, 2019



VETERANS LEGAL INSTITUTE
(A California not-for-profit corporation)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
December 31, 2018

With comparative statements
for the year ended December 31, 2017

TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

VETERANS LEGAL INSTITUTE
(A California not-for-profit corporation)

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To the Board of Directors
Veterans Legal Institute
Santa Ana, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of **Veterans Legal Institute**, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flow for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the organization's 2017 financial statements and in our report dated March 9, 2018, an unmodified opinion was expressed on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Veterans Legal Institute** as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2019 on our consideration of **Veterans Legal Institute**' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 in considering **Veterans Legal Institute**' internal control over financial reporting and compliance.

JZ CPAs Inc

Long Beach, California
March 15, 2019

VETERANS LEGAL INSTITUTE
STATEMENT OF FINANCIAL POSITION
As of December 31, 2018
(With comparatives as of December 31, 2017)

| ASSETS | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 346,945 | \$ 270,746 |
| Total current assets | <u>346,945</u> | <u>270,746</u> |
| Noncurrent assets | | |
| Furniture and equipment (Note 3) | 10,882 | 4,500 |
| Less: accumulated depreciation (Note 3) | <u>(3,338)</u> | <u>(1,800)</u> |
| Net furniture and equipment | 7,544 | 2,700 |
| Security deposit | <u>1,971</u> | <u>1,971</u> |
| Total noncurrent assets | <u>9,515</u> | <u>4,671</u> |
| TOTAL ASSETS | <u>\$ 356,460</u> | <u>\$ 275,417</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable | \$ 74,925 | \$ 5,000 |
| Total current liabilities | <u>74,925</u> | <u>5,000</u> |
| Total liabilities | <u>74,925</u> | <u>5,000</u> |
| Net assets | | |
| Unrestricted net assets | <u>281,535</u> | <u>270,417</u> |
| Total net assets | <u>281,535</u> | <u>270,417</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 356,460</u> | <u>\$ 275,417</u> |

The accompanying notes are an integral part of these financial statements.

VETERANS LEGAL INSTITUTE
STATEMENT OF ACTIVITIES
For the year ended December 31, 2018
(With comparative totals for the year ended December 31, 2017)

| | <u>2018</u> | <u>2017</u> |
|--|--------------------------|--------------------------|
| SUPPORT AND REVENUES | | |
| Grants and contributions | \$ 393,673 | \$ 434,450 |
| Special Events (net of expenses of \$73,417) | 303,964 | |
| Donated goods and services | <u>107,747</u> | <u>144,192</u> |
| Total support and revenues | <u>805,384</u> | <u>578,642</u> |
| EXPENSES | | |
| Program services | 758,313 | 521,205 |
| Management and general | 35,953 | 52,610 |
| Fundraising | <u>1,068</u> | <u>1,068</u> |
| Total expenses | <u>794,266</u> | <u>574,883</u> |
| Increase in net assets | 11,118 | 3,759 |
| Net assets, beginning of the year | <u>270,417</u> | <u>266,658</u> |
| Net assets, end of the year | \$ <u><u>281,535</u></u> | \$ <u><u>270,417</u></u> |

The accompanying notes are an integral part of these financial statements.

VETERANS LEGAL INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018
(With comparative totals for the year ended December 31, 2017)

| | Programs | Management and general | Total expenses | 2017 Total expenses |
|---|-------------------|---------------------------|-------------------|------------------------|
| EXPENSES: | | | | |
| Grants, contracts, & direct assistance: | | | | |
| Contributions to other organizations | \$ 142,300 | \$ | \$ 142,300 | \$ 159,800 |
| Donated goods and services | 107,747 | | 107,747 | 144,192 |
| Total grants, contracts, & direct assistance: | <u>250,047</u> | | <u>250,047</u> | <u>303,992</u> |
| Salaries and related expenses: | | | | |
| Salaries and wages | 354,802 | 13,250 | 368,052 | 243,140 |
| Payroll taxes | 79,363 | 2,869 | 82,232 | 73,991 |
| Total salaries and related expenses: | <u>434,165</u> | <u>16,119</u> | <u>450,284</u> | <u>317,131</u> |
| Contract service expenses: | | | | |
| Legal fees | 5,207 | 145 | 5,352 | 6,932 |
| Professional fees | | 7,500 | 7,500 | 12,500 |
| Total contract service expenses: | <u>5,207</u> | <u>7,645</u> | <u>12,852</u> | <u>19,432</u> |
| Nonpersonel expenses: | | | | |
| Supplies | 8,928 | 934 | 9,862 | 7,028 |
| Telephone and telecommunication | 4,064 | | 4,064 | 5,123 |
| Postage and shipping | 2,523 | | 2,523 | 1,082 |
| Printing and copying | 7,969 | | 7,969 | 2,745 |
| Books, subscriptions, references | 3,284 | | 3,284 | 3,449 |
| Total nonpersonel expenses: | <u>26,768</u> | <u>934</u> | <u>27,702</u> | <u>19,427</u> |
| Facility & equipment expenses: | | | | |
| Rent, parking, other occupancy | 29,670 | | 29,670 | 27,959 |
| Depreciation | 1,538 | | 1,538 | 1,800 |
| Total facility & equipment expenses: | <u>31,208</u> | | <u>31,208</u> | <u>29,759</u> |
| Travel & meetings expenses: | | | | |
| Travel | 1,620 | | 1,620 | 3,401 |
| Total travel & meeting expenses: | <u>1,620</u> | | <u>1,620</u> | <u>3,401</u> |
| Other expenses: | | | | |
| Insurance | 3,230 | 1,226 | 4,456 | 6,917 |
| Advertising expenses | | 484 | 484 | 1,174 |
| Donor appreciation events | | | | 19,620 |
| Other expenses | 6,068 | 9,545 | 15,613 | 13,830 |
| Total other expenses: | <u>9,298</u> | <u>11,255</u> | <u>20,553</u> | <u>41,541</u> |
| Total expenses | <u>\$ 758,313</u> | <u>\$ 35,953</u> | <u>\$ 794,266</u> | <u>\$ 734,683</u> |

The accompanying notes are an integral part of these financial statements

VETERANS LEGAL INSTITUTE
STATEMENT OF CASH FLOWS
For the year ended December 31, 2018
(With comparative totals for the year ended December 31, 2017)

| | <u>2018</u> | <u>2017</u> |
|---|--------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 11,118 | \$ 3,759 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 1,538 | 1,800 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in assets: | | |
| Fixed assets | (6,382) | |
| Increase (decrease) in liabilities: | | |
| Accounts payable | <u>69,925</u> | <u>5,000</u> |
| Net cash provided by operating activities | <u>76,199</u> | <u>10,559</u> |
| Net increase in cash | <u>76,199</u> | <u>10,559</u> |
| Cash - beginning of the year | <u>270,746</u> | <u>260,187</u> |
| Cash - end of the year | <u><u>\$ 346,945</u></u> | <u><u>\$ 270,746</u></u> |

The accompanying notes are an integral part of these financial statements.

VETERANS LEGAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES

ORGANIZATION

Veterans Legal Institute (VLI) empowers our nation's heroes and their families with a holistic approach. VLI is a 501 (c) 3 public interest law firm that is one of the very few in the nation totally dedicated to and military specific in providing pro bono legal assistance to veterans. Founded in 2014, our enduring goal is to greatly reduce veteran suicide and homelessness. Our clientele are homeless, at-risk, low income and disabled veterans and active service members. VLI's mission is to eradicate barriers to housing, education, employment, and healthcare and to foster self-sufficiency. VLI also advocates on behalf of its clients by providing community education and training in an effort to increase awareness, resources, and overall protections.

Studies show us that receiving care from peers generates the strongest and most enduring results. This holds true in our experience where all our staff have military experience and/or are spouses of veterans. To date, VLI has served over 5,000 veterans, and recovered over two million dollars in veterans' benefits across Southern California.

Needs:

Southern California has one of the largest concentrations of military veterans in the nation. The number of homeless, unemployed, underemployed, and low-income veterans in Orange County continues to grow as more service members return after completing service in Iraq, Afghanistan, and other postings overseas. While Orange County is distinguished at being 4th in veteran population, it is also challenged by having the highest median rent according to a recent US Census report.

Most of VLI's clients live across Southern California, with the top four cities being Santa Ana, Anaheim, Long Beach, and Los Angeles. Many live with traumatic brain injuries, PTSD, or complex challenges from military sexual trauma. Veterans are between 19-99 years old, have families with 1-5 children, and on average earn less than \$1,000 a month. Those in college live frugally off benefit allowances, couch surf, or live in cars.

Success Story:

Consider the transformative case of Judith, a United States Navy veteran who served four years as an Operations Specialist. Judith was the victim of military sexual trauma which left her completely unable to work, homebound, and suicidal. Her father became Judith's 24-hour caregiver to prevent her suicide attempts. The family was under constant financial strain and at-risk for homelessness.

VETERANS LEGAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES (continued)

After applying with VLI, Judith was quickly matched to a VLI volunteer staff attorney - a Navy veteran and an expert in veterans' benefits. With his expert guidance, Judith went from having no benefits at all to being 100% service-connected, providing her with \$3,500 a month in tax free income. Also, Judith's father was successfully recognized in the caregiver program, providing an additional \$1,500 a month in tax free income to him. Further, Judith successfully enrolled in the Military Sexual Trauma clinic at the VA Hospital in Long Beach. Now, Judith is receiving vital healthcare treatment as her therapists continue to support her and to document her trauma. As a result, Judith and her father live with greater financial security, dignity, and hope for a healthier future.

Program activities:

Veterans can apply online, call the office and speak to a live person, attend one of VLI's many mobile legal clinics like the VA Hospital Long Beach, or be referred by several collaborating agencies. VLI completes legal work in house and farms out specialized areas of the law to pro bono civilian attorneys from a variety of firms. Areas of law include (but are not limited to) discharge upgrades, VA pensions and healthcare access, landlord-tenant disputes, and restoring driver's licenses. No veteran ever receives a bill.

Veterans can show up to a clinic or reserve a spot in advance. Attorneys or volunteers greet the veteran, put them at ease, and begin the intake process. An initial application is filled out which requests the applicant's military history, income and basic case information. Those who fall within the eligibility of VLI as low income, within our geographic area, and have a case type that VLI services are selected. Those veterans who require wrap around services are referred to evidence-based collaborators.

VLI collaborates with over 70 organizations through leadership in the Orange County Veterans and Military Families Collaborative. Also, VLI is a partner in the Strong Families, Strong Children collaborative. SFSC is a consortium of five nonprofit partners (Child Guidance Center, Human Options, Children and Family Futures, Families Forward, and Veterans Legal Institute) bringing together a coordinated, Community-based approach to provide an array of support services to underserved OC veteran and military families (including children). Services include: evidence-based mental health and trauma treatment; domestic violence and substance abuse prevention; housing; basic needs; legal assistance and advocacy; and program evaluation and outcome measurement.

Program goal:

To increase the quantity and quality of strategic, free legal aid to qualified active and former service members to empower self-sufficiency.

VETERANS LEGAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES (continued)

Objectives for 2019:

1. Continue: strategic mobile outreach clinics at the veteran hotspots: VA Hospital Long Beach, Starbucks Coffeehouse next to the Santa Ana Civic Center, Saddleback College, the City of Mission Viejo, The North County Vet Center in Garden Grove, and the Orange County Veterans Service Office.
2. Continue: specialty clinics for family law, women veterans, and disability benefits in the VLI office, thereby expanding choice and options to access expert pro bono attorneys in these focus areas.

Outcomes for 2018:

1. Remove legal barriers to increase access to housing, employment, healthcare, and education for up to 400 unduplicated clients for a full calendar year via clinics.
2. Increase scope, range, and quality of legal services provided to the veteran community by expanding the number of total veterans served to 5,500 by the end of 2018.

Program reporting:

Outcomes are measured through an extensive computer reporting system called PRIME that defines various types of outcomes. General civilian legal issue reporting includes money won, money waived, reason closed, how the case was resolved (through litigation, settlement, etc.) and more. Military specific areas are measured by outcome received and what types of benefits are newly achieved as a direct result thereof, whether monetary, or in terms of education, health or cemetery benefits. Qualitative results are gathered during client case closure, permission to use personal stories in testimonials, and regular requests for feedback from collaborators and public discussions.

Sustainability:

Direct donations, beneficiary and annual events, and a variety of grants generate revenue, which we leverage with volunteers, collaborations, and leadership positions. Major subgrants or repeat sponsors of our clinics include Equal Justice Works AmeriCorps Legal Fellow, Volunteers of Los Angeles Orange County, American Warrior Project with OC Goodwill, and the Orange County Bar Association. VLI has also successfully acquired funding as a public interest law firm through the State Bar of California. Towards its commitment to transparency, VLI has received Platinum Seal with GuideStar, accreditation with The Patriot's Initiative, and a multiyear contract with DiversityComm for publication in their print and online US Veterans Magazine.

VETERANS LEGAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, Veterans Legal Institute considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment are capitalized at cost or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations."

ESTIMATES

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

CONTRIBUTED GOODS AND SERVICES

The accompanying financial statements include amounts of materials, equipment and services donated to Veterans Legal Institute. The basis of valuation of these donations is generally in-house appraisal or fair market value as indicated by the person or agency making the donation. Included in the statement of activities is \$107,747 of volunteer services as both revenue and expense.

VETERANS LEGAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAXES

Veterans Legal Institute is a not-for-profit organization that is exempt from Federal and state income taxes under the Internal Revenue Code Section 501(c) (3) and the California State Revenue and Taxation Code 23701 (d) except on net income derived from unrelated business activities. The organization's management believes that it has support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Veterans Legal Institute's Forms 990, Return of Organization Exempt from Income Tax for the years ending December 31, 2016, 2017 and 2018, are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 are comprised of the following:

| <u>Description</u> | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Net book value</u> |
|----------------------------|------------------|-------------------------------------|---------------------------|
| Furniture and equipment | \$ <u>10,882</u> | \$ <u>(3,338)</u> | \$ <u>7,544</u> |
| Net property and equipment | \$ <u>10,882</u> | \$ <u>(3,338)</u> | \$ <u>7,544</u> |

Depreciation expense for the year ended December 31, 2018 was \$1,538.

VETERANS LEGAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CASH AND CASH EQUIVALENTS

The organization's cash, \$346,945 as of December 31, 2018, is held in financial institutions which are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor, or certain non-interest bearing accounts that are fully insured by the FDIC. As of December 31, 2018, the organization had cash that was exposed to uninsured deposit risk in the amount of \$96,945.

NOTE 5 - SUBSEQUENT EVENTS

Veterans Legal Institute's management has evaluated subsequent events for the period from December 31, 2018, through March 15, 2019, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.



To the Board of Directors
Veterans Legal Institute
Santa Ana, California

**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**

We have audited, in accordance with the auditing standards generally accepted in the United States of American 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 **Veterans Legal Institute**, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Veterans Legal Institute’s** internal control over financial reporting (internal control) to determine the 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 **Veterans Legal Institute’s** internal control. Accordingly, we do not express an opinion on the effectiveness of **Veterans Legal Institute’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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Veterans Legal Institute'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 or other matters that are required to be reported under Government Auditing Standards.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JZ CPAs Inc

Long Beach, California
March 15, 2019