

Houston Volunteer Lawyers Program, Inc.

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2020 and 2019

Houston Volunteer Lawyers Program, Inc.

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Independent Auditors' Report

To the Board of Directors of
Houston Volunteer Lawyers Program, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Houston Volunteer Lawyers Program, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Houston Volunteer Lawyers Program, Inc. as of December 31, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information in the Supplemental Schedules of Texas Access to Justice Foundation – Basic Civil Legal Services Grant Revenue and Expenses and the Supplemental Schedule of Legal Services Corporation – Private Attorney Involvement Expenses for the year ended December 31, 2020 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2021, on our consideration of Houston Volunteer Lawyers Program, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Houston Volunteer Lawyers Program, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Houston Volunteer Lawyers Program, Inc.'s internal control over financial reporting and compliance.

Blazek & Vetterling

April 16, 2021

Houston Volunteer Lawyers Program, Inc.

Statements of Financial Position as of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,382,226	\$ 952,165
Contributions receivable	1,248,202	1,253,900
Prepaid expenses and other assets	124,474	124,460
Property, net (<i>Note 3</i>)	<u>295,017</u>	<u>381,581</u>
 TOTAL ASSETS	 <u>\$ 3,049,919</u>	 <u>\$ 2,712,106</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 145,467	\$ 128,073
Deferred lease expense (<i>Note 8</i>)	216,262	267,148
Refundable advances	522,968	176,338
IOLTA Trust account payable (<i>Note 1</i>)	<u>933</u>	<u>742</u>
Total liabilities	<u>885,630</u>	<u>572,301</u>
Commitments (<i>Note 8</i>)		
Net assets:		
Without donor restrictions	800,755	808,193
With donor restrictions (<i>Note 4</i>)	<u>1,363,534</u>	<u>1,331,612</u>
Total net assets	<u>2,164,289</u>	<u>2,139,805</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,049,919</u>	 <u>\$ 2,712,106</u>

See accompanying notes to financial statements.

Houston Volunteer Lawyers Program, Inc.

Statement of Activities for the year ended December 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Donated legal services (Note 5)	\$ 1,502,176		\$ 1,502,176
Government grants (Note 6)		\$ 705,298	705,298
Other (Note 6)	<u>71,714</u>	<u>2,319,231</u>	<u>2,390,945</u>
Total revenue	1,573,890	3,024,529	4,598,419
Net assets released from restrictions:			
Expenditure for program purposes	2,017,607	(2,017,607)	
Expiration of time restrictions	<u>975,000</u>	<u>(975,000)</u>	
Total	<u>4,566,497</u>	<u>31,922</u>	<u>4,598,419</u>
EXPENSES:			
Legal services program	4,071,643		4,071,643
Management and general	465,940		465,940
Fundraising	<u>36,352</u>		<u>36,352</u>
Total expenses	<u>4,573,935</u>		<u>4,573,935</u>
CHANGES IN NET ASSETS	(7,438)	31,922	24,484
Net assets, beginning of year	<u>808,193</u>	<u>1,331,612</u>	<u>2,139,805</u>
Net assets, end of year	<u>\$ 800,755</u>	<u>\$ 1,363,534</u>	<u>\$ 2,164,289</u>

See accompanying notes to financial statements.

Houston Volunteer Lawyers Program, Inc.

Statement of Activities for the year ended December 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Donated legal services <i>(Note 5)</i>	\$ 3,471,460		\$ 3,471,460
Government grants <i>(Note 6)</i>		\$ 940,824	940,824
Other <i>(Note 6)</i>	<u>1,073,360</u>	<u>1,563,780</u>	<u>2,637,140</u>
Total revenue	4,544,820	2,504,604	7,049,424
Net assets released from restrictions:			
Expenditure for program purposes	2,423,160	(2,423,160)	
Expiration of time restrictions	<u>75,000</u>	<u>(75,000)</u>	
Total	<u>7,042,980</u>	<u>6,444</u>	<u>7,049,424</u>
EXPENSES:			
Legal services program	6,530,425		6,530,425
Management and general	386,076		386,076
Fundraising	<u>33,035</u>		<u>33,035</u>
Total expenses	<u>6,949,536</u>		<u>6,949,536</u>
CHANGES IN NET ASSETS	93,444	6,444	99,888
Net assets, beginning of year	<u>714,749</u>	<u>1,325,168</u>	<u>2,039,917</u>
Net assets, end of year	<u>\$ 808,193</u>	<u>\$ 1,331,612</u>	<u>\$ 2,139,805</u>

See accompanying notes to financial statements.

Houston Volunteer Lawyers Program, Inc.

Statements of Functional Expenses for the years ended December 31, 2020 and 2019

	LEGAL SERVICES PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	2020 TOTAL
Donated professional services	\$ 1,502,176			\$ 1,502,176
Salaries and related expenses	2,033,644	\$ 299,273	\$ 23,565	2,356,482
Office rent and parking	275,118	40,487	3,188	318,793
Professional fees	47,278	98,151	328	145,757
Depreciation	74,704	10,994	866	86,564
Supplies	85,988	10,475	825	97,288
Travel and meetings	5,640	197	15	5,852
Professional development training and seminars	8,120	431	34	8,585
Equipment rental	14,441	2,125	167	16,733
Insurance	12,306	1,811	143	14,260
Other	12,228	1,996	7,221	21,445
Total expenses	<u>\$ 4,071,643</u>	<u>\$ 465,940</u>	<u>\$ 36,352</u>	<u>\$ 4,573,935</u>

	LEGAL SERVICES PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	2019 TOTAL
Donated professional services	\$ 3,471,460			\$ 3,471,460
Salaries and related expenses	2,438,398	\$ 204,780	\$ 26,699	2,669,877
Office rent and parking	342,399	28,755	3,749	374,903
Professional fees	36,564	133,492	298	170,354
Depreciation	79,737	6,696	873	87,306
Supplies	84,645	1,484	193	86,322
Travel and meetings	28,778	463	60	29,301
Professional development training and seminars	18,652	174	23	18,849
Equipment rental	11,353	953	124	12,430
Insurance	10,360	870	113	11,343
Other	8,079	8,409	903	17,391
Total expenses	<u>\$ 6,530,425</u>	<u>\$ 386,076</u>	<u>\$ 33,035</u>	<u>\$ 6,949,536</u>

See accompanying notes to financial statements.

Houston Volunteer Lawyers Program, Inc.

Statements of Cash Flows for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 24,484	\$ 99,888
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	86,564	87,306
Changes in operating assets and liabilities:		
Contributions receivable	5,698	(223,033)
Prepaid expenses and other assets	(14)	1,815
Accounts payable and accrued expenses	17,394	23,268
Deferred lease expense	(50,886)	(43,229)
Refundable advances	346,630	112,838
IOLTA Trust account payable	<u>191</u>	<u>(52,403)</u>
Net cash provided by operating activities	<u>430,061</u>	<u>6,450</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property		<u>(14,695)</u>
NET CHANGE IN CASH	430,061	(8,245)
Cash, beginning of year	<u>952,165</u>	<u>960,410</u>
Cash, end of year	<u>\$ 1,382,226</u>	<u>\$ 952,165</u>

See accompanying notes to financial statements.

Houston Volunteer Lawyers Program, Inc.

Notes to Financial Statements for the years ended December 31, 2020 and 2019

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Houston Volunteer Lawyers Program, Inc. (HVL) is a nonprofit corporation organized in 1983 under the laws of the State of Texas. HVL’s primary purpose is to assist indigent individuals with obtaining needed legal assistance in Houston, Texas and the surrounding area. A majority of HVL’s Board of Directors is appointed by an officer of the Houston Bar Association.

Federal income tax status – HVL is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash includes cash restricted by Interest on Lawyer Trust Accounts (IOLTA) to pay client fees. Held in a separate bank account, these balances are \$933 and \$742, respectively, at December 31, 2020 and 2019. Bank deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. At December 31, 2020 and 2019, approximately 88% and 80% of contributions receivable was from one donor, respectively. At December 31, 2020, all contributions receivable are due to be collected within one year.

Property with a value of more than \$1,000 is recorded at cost if purchased or at fair value at the date of gift if donated. Depreciation is provided on a straight-line basis over estimated useful lives of 3 to 7 years for furniture and equipment. Leasehold improvements are depreciated over the lease term of 11 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before the organization is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Non-cash contributions – Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated legal services are recognized based on hours reported by volunteer lawyers after they close cases to which they have been assigned. Donated materials and use of facilities are recognized as contributions at fair value when an unconditional commitment is received from the donor.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs, depreciation, occupancy costs, certain supplies, and insurance are allocated on the basis of estimated time and effort expended.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of December 31 comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,382,226	\$ 952,165
Contributions receivable	<u>1,248,202</u>	<u>1,253,900</u>
Total financial assets	2,630,428	2,206,065
Less donor-restricted assets subject to satisfaction of restriction and the passage of time	<u>(43,998)</u>	<u>(91,806)</u>
Total financial assets available for general expenditure	<u>\$ 2,586,430</u>	<u>\$ 2,114,259</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, HVL considers all expenditures related to its ongoing activities to assist indigent individuals with obtaining needed legal assistance, as well as the conduct of services undertaken to support those activities, to be general expenditures.

HVL regularly monitors liquidity required to meet its operating needs and other contractual commitments. HVL's sources of liquidity include cash and receivables. HVL is substantially supported by contributions and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

NOTE 3 – PROPERTY

Property consists of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 517,106	\$ 517,106
Furniture and equipment	<u>264,639</u>	<u>264,639</u>
Total property, at cost	781,745	781,745
Accumulated depreciation	<u>(486,728)</u>	<u>(400,164)</u>
Property, net	<u>\$ 295,017</u>	<u>\$ 381,581</u>

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Vets Services	\$ 69,131	\$ 150,000
Program salaries	59,804	55,627
Legal services	42,179	33,340
Hurricane Harvey relief		24,639
Translation services	<u>17,420</u>	<u>18,006</u>
Total subject to expenditure for specified purpose	<u>188,534</u>	<u>281,612</u>
Subject to passage of time:		
Use in future years	<u>1,175,000</u>	<u>1,050,000</u>
Total net assets with donor restrictions	<u>\$ 1,363,534</u>	<u>\$ 1,331,612</u>

NOTE 5 – DONATED LEGAL SERVICES

Donated legal services consist of approximately 5,778 and 13,350 hours of legal services valued at \$260 per hour in 2020 and 2019, respectively.

NOTE 6 – CONTRIBUTIONS – GOVERNMENT GRANTS AND OTHER

HVL recognized contributions from the following sources:

	<u>2020</u>	<u>2019</u>
Houston Bar Foundation	\$ 1,100,000	\$ 2,000,000
Texas Access to Justice Foundation	911,346	229,834
Legal Services Corporation (under contract with Lone Star Legal Aid)	190,000	190,000
Other	<u>894,897</u>	<u>1,158,130</u>
Total contributions	<u>\$ 3,096,243</u>	<u>\$ 3,577,964</u>

At December 31, 2020, HVL has conditional contributions awards of approximately \$1,320,000 that will be recognized as revenue when the services are provided and qualifying expenses are incurred.

Grants from federal and state funding sources require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of noncompliance by HVL with the terms of the contracts. Management believes such disallowances, if any, would not be material to HVL's financial position or changes in net assets.

NOTE 7 – DEFINED CONTRIBUTION PLAN

HVL sponsors a defined contribution plan for all employees over the age of 18 who have completed one year of service. HVL provides a 50% match of employee contributions up to 6% of salary. Contributions to this plan were approximately \$52,600 in 2020 and \$53,400 in 2019.

NOTE 8 – LEASES

HVL leases office space and certain office equipment under non-cancellable operating leases. Future minimum lease payments are due as follows:

2021	\$ 157,654
2022	157,654
2023	157,654
2024	151,957
Thereafter	<u>23,819</u>
Total	<u>\$ 648,738</u>

In 2014, HVL entered into a 132-month lease for its office space. Under the terms of the agreement, lease payments commenced six months after HVL began to occupy the space. The deferred lease expense was accrued and is being amortized over the life of the lease. In addition to base rent, HVL also is assessed a portion of lessor building operating costs which vary from year to year. Lease expense includes required building operating costs and in 2020 and 2019 was approximately \$307,000 and \$338,000, respectively.

NOTE 9 – SUBSEQUENT EVENTS

In March 2020, the Director General of the World Health Organization declared a pandemic related to the global outbreak of COVID-19 and a national health emergency was declared in the United States. In response, HVL shifted to provision of virtual legal services to clients due to limited court access and fluctuations in administrative legal processes. However, HVL still experienced a decrease in donated legal services for the year due to the transition and lack of client access to technology. The duration and continued spread of COVID-19 in the Greater Houston area is expected to impact HVL's ability to leverage donated legal services to meet its mission and its grant deliverables in 2021. While HVL expects there may be a negative impact to operating results, the financial impact cannot be reasonably estimated at this time.

Management has evaluated subsequent events through April 16, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

Houston Volunteer Lawyers Program, Inc.

Supplemental Schedule of Texas Access to Justice Foundation – Basic Civil Legal Services
Grant Contribution Revenue and Expenses for the grant period ended December 31, 2020 – Grant ID #10083344

	BUDGET 9/1/19-8/31/21	ACTUAL 9/1/19-12/31/19	ACTUAL 1/1/20-12/31/20	DIFFERENCE
Contributions and grant revenue	\$ 1,932,460	\$ 229,834	\$ 802,744	\$ 899,882
Expenses:				
Salaries and benefits	1,629,562	187,079	655,373	787,110
Space	132,498	23,632	94,516	14,350
Contractual services	64,500	9,729	26,128	28,643
Supplies	45,250	4,011	3,934	37,305
Audit	26,000	545	9,850	15,605
Travel	10,000	1,532	1,719	6,749
Equipment rental	7,000	1,338	3,788	1,874
Telephone	2,000	274	1,735	(9)
Other expenses	<u>15,650</u>	<u>1,694</u>	<u>5,701</u>	<u>8,255</u>
Total expenses	<u>1,932,460</u>	<u>229,834</u>	<u>802,744</u>	<u>899,882</u>
Net gain	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note: Grants received from TAJF are conditioned upon HVL incurring qualifying grant expenses while performing allowable activities. Expenses are recognized in the period incurred and include only those expenses funded by the grant during the period September 1, 2019 through December 31, 2020.

Houston Volunteer Lawyers Program, Inc.

Supplemental Schedule of Legal Services Corporation – Private Attorney Involvement Expenses for the year ended December 31, 2020

Salaries and related expenses	\$ 155,415
Rent	24,961
Professional fees	3,611
Audit	2,400
Supplies	405
Other	<u>3,208</u>
Total expenses	<u>\$ 190,000</u>

**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Board of Directors of
Houston Volunteer Lawyers Program, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Houston Volunteer Lawyers Program, Inc. (HVL), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, of functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HVL'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 HVL's internal control. Accordingly, we do not express an opinion on the effectiveness of HVL's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HVL's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Blazek & Vetterling

April 16, 2021

**Independent Auditors' Report on Compliance
with the *Basic Civil Legal Services (BCLS) Program
Compliance Supplement and on Internal Control Over Compliance***

To the Board of Directors of
Houston Volunteer Lawyers Program, Inc.:

Report on Compliance for the BCLS Program

We have audited Houston Volunteer Lawyers Program, Inc.'s (HVL) compliance with the types of compliance requirements described in the *BCLS Compliance Supplement* that could have a direct and material effect on HVL's BCLS Program for the year ended December 31, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, contracts, and the terms and conditions of its BCLS Program.

Auditors' Responsibility

Our responsibility is to express an opinion on HVL's compliance with the *BCLS Compliance Supplement*. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the suggested auditing procedures included in the *BCLS Compliance Supplement*. Those standards and the *BCLS Compliance Supplement* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the BCLS Program occurred. An audit includes examining, on a test basis, evidence about HVL's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for HVL's BCLS Program. However, our audit does not provide a legal determination of HVL's compliance.

Unqualified Opinion on the BCLS Program

In our opinion, HVL complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the BCLS Program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of HVL is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered HVL's internal control over compliance with the types of

requirements that could have a direct and material effect on its BCLS Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for that program and to test and report on internal control over compliance in accordance with the *BCLS Compliance Supplement*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of HVL's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the BCLS Program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the BCLS Program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the BCLS Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Blazek & Vetterling

April 16, 2021

**Independent Auditors' Report on Compliance
with the *Legal Services Corporation (LSC) Compliance Supplement
for Audits of LSC Recipients and on Internal Control Over Compliance***

To the Board of Directors of
Houston Volunteer Lawyers Program, Inc.:

Report on Compliance for the Private Attorney Involvement (PAI) Program

We have audited Houston Volunteer Lawyers Program, Inc.'s (HVL) compliance with the types of compliance requirements described in the *Legal Services Corporation Compliance Supplement for Audits of LSC Recipients* that could have a direct and material effect on HVL's Private Attorney Involvement (PAI) Program for the year ended December 31, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, contracts, and the terms and conditions of its PAI Program.

Auditors' Responsibility

Our responsibility is to express an opinion on HVL's compliance with the *Legal Services Corporation Compliance Supplement for Audits of LSC Recipients*. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the suggested auditing procedures included in the *Legal Services Corporation Compliance Supplement for Audits of LSC Recipients*. Those standards and the *Legal Services Corporation Compliance Supplement for Audits of LSC Recipients* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the PAI Program occurred. An audit includes examining, on a test basis, evidence about HVL's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for HVL's PAI Program. However, our audit does not provide a legal determination of HVL's compliance.

Unqualified Opinion on the PAI Program

In our opinion, HVL complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the PAI Program for the year ended December 31, 2020.

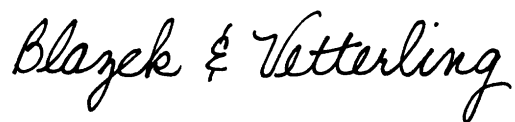
Report on Internal Control Over Compliance

Management of HVL is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered HVL's internal control over compliance with the types of requirements that could have a direct and material effect on its PAI Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for that program and to test and report on internal control over compliance in accordance with the *Legal Services Corporation Compliance Supplement for Audits of LSC Recipients*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of HVL's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the PAI Program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the PAI Program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the PAI Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Legal Services Corporation Compliance Supplement for Audits of LSC Recipients*. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Blazek & Vetterling". The signature is written in black ink and is positioned above the date.

April 16, 2021