



Houston Volunteer Lawyers Program, Inc.

FINANCIAL STATEMENTS

December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Houston Volunteer Lawyers Program, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Houston Volunteer Lawyers Program, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Houston Volunteer Lawyers Program, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Houston Volunteer Lawyers Program, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Houston Volunteer Lawyers Program, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Houston Volunteer Lawyers Program, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of State of Texas awards, as required by Texas Grant Management Standards is also 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 supplementary schedules and the schedule of expenditures of State of Texas awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2025, 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.

Carr, Rigg & Ingram, L.L.C.

Houston, Texas
April 17, 2025

Houston Volunteer Lawyers Program, Inc.
Statements of Financial Position

| <i>December 31,</i> | 2024 | 2023 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 1,982,580 | \$ 1,644,131 |
| Contributions receivable | 1,974,476 | 1,508,606 |
| Prepaid expenses and other assets | 104,907 | 84,004 |
| Total current assets | 4,061,963 | 3,236,741 |
| Property and equipment, net | 13,832 | 63,047 |
| Operating lease right of use assets, net | 40,206 | 144,607 |
| Total assets | \$ 4,116,001 | \$ 3,444,395 |
| Liabilities and Net assets | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 110,616 | \$ 90,877 |
| Refundable advances | 211,549 | 321,497 |
| IOLTA Trust account payable | 885 | 362 |
| Current portion of operating lease liabilities | 47,466 | 149,227 |
| Total current liabilities | 370,516 | 561,963 |
| Operating lease liabilities, less current portion | - | 47,466 |
| Total liabilities | 370,516 | 609,429 |
| Net assets | | |
| Without donor restrictions | 2,087,622 | 1,438,245 |
| With donor restrictions | 1,657,863 | 1,396,721 |
| Total net assets | 3,745,485 | 2,834,966 |
| Total liabilities and net assets | \$ 4,116,001 | \$ 3,444,395 |

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

Houston Volunteer Lawyers Program, Inc.
Statement of Activities

| <i>For the year ended December 31,</i> | 2024 | | |
|---|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue | | | |
| Contributions of non-financial assets - donated | | | |
| legal services | \$ 16,214,155 | \$ - | \$ 16,214,155 |
| Government grants - cost reimbursement | - | 2,146,335 | 2,146,335 |
| Other contributions and grants | 153,388 | 2,128,367 | 2,281,755 |
| Net assets released from restrictions | | | |
| Expenditure for program purposes | 2,370,334 | (2,370,334) | - |
| Expenditure of time restrictions | 1,643,226 | (1,643,226) | - |
| Total support and revenue | 20,381,103 | 261,142 | 20,642,245 |
| Expenses | | | |
| Legal services program | 19,165,979 | - | 19,165,979 |
| Management and general | 528,153 | - | 528,153 |
| Fundraising | 37,594 | - | 37,594 |
| Total expenses | 19,731,726 | - | 19,731,726 |
| Changes in net assets | 649,377 | 261,142 | 910,519 |
| Net assets at beginning of year | 1,438,245 | 1,396,721 | 2,834,966 |
| Net assets at end of year | \$ 2,087,622 | \$ 1,657,863 | \$ 3,745,485 |

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

Houston Volunteer Lawyers Program, Inc.
Statement of Activities

| <i>For the year ended December 31,</i> | 2023 | | |
|---|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue | | | |
| Contributions of non-financial assets - donated | | | |
| legal services | \$ 14,609,421 | \$ - | \$ 14,609,421 |
| Government grants - cost reimbursement | - | 1,950,668 | 1,950,668 |
| Other contributions and grants | 39,647 | 1,509,991 | 1,549,638 |
| Net assets released from restrictions | | | |
| Expenditure for program purposes | 2,143,658 | (2,143,658) | - |
| Expenditure of time restrictions | 1,250,000 | (1,250,000) | - |
| Total support and revenue | 18,042,726 | 67,001 | 18,109,727 |
| Expenses | | | |
| Legal services program | 17,389,649 | - | 17,389,649 |
| Management and general | 483,951 | - | 483,951 |
| Fundraising | 45,844 | - | 45,844 |
| Total expenses | 17,919,444 | - | 17,919,444 |
| Changes in net assets | 123,282 | 67,001 | 190,283 |
| Net assets at beginning of year | 1,314,963 | 1,329,720 | 2,644,683 |
| Net assets at end of year | \$ 1,438,245 | \$ 1,396,721 | \$ 2,834,966 |

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

Houston Volunteer Lawyers Program, Inc. Statements of Functional Expenses

| <i>For the year ended December 31, 2024</i> | Legal Services Program | Management and General | Fundraising | Total |
|--|---------------------------|---------------------------|------------------|----------------------|
| Donated legal services | \$ 16,214,155 | \$ - | \$ - | \$ 16,214,155 |
| Salaries and related expenses | 2,391,578 | 368,517 | 27,880 | 2,787,975 |
| Office rent and parking | 306,380 | 47,210 | 3,572 | 357,162 |
| Professional fees | 53,050 | 86,569 | 336 | 139,955 |
| Supplies | 81,718 | 11,853 | 897 | 94,468 |
| Depreciation expense | 42,218 | 6,505 | 492 | 49,215 |
| Equipment rental | 17,964 | 2,768 | 209 | 20,941 |
| Insurance | 7,800 | 1,202 | 91 | 9,093 |
| Professional development training and seminars | 18,269 | 986 | 75 | 19,330 |
| Travel and meetings | 11,204 | 866 | 66 | 12,136 |
| Other | 21,643 | 1,677 | 3,976 | 27,296 |
| Total expenses | \$ 19,165,979 | \$ 528,153 | \$ 37,594 | \$ 19,731,726 |

| <i>For the year ended December 31, 2023</i> | Legal Services Program | Management and General | Fundraising | Total |
|--|---------------------------|---------------------------|------------------|----------------------|
| Donated legal services | \$ 14,609,421 | \$ - | \$ - | \$ 14,609,421 |
| Salaries and related expenses | 2,217,371 | 341,674 | 25,849 | 2,584,894 |
| Office rent and parking | 310,061 | 47,777 | 3,615 | 361,453 |
| Professional fees | 59,077 | 69,331 | 376 | 128,784 |
| Supplies | 79,125 | 11,650 | 881 | 91,656 |
| Depreciation expense | 54,849 | 8,452 | 639 | 63,940 |
| Equipment rental | 13,902 | 2,142 | 162 | 16,206 |
| Insurance | 8,901 | 1,371 | 104 | 10,376 |
| Professional development training and seminars | 11,035 | 83 | 6 | 11,124 |
| Travel and meetings | 12,373 | 953 | 72 | 13,398 |
| Other | 13,534 | 518 | 14,140 | 28,192 |
| Total expenses | \$ 17,389,649 | \$ 483,951 | \$ 45,844 | \$ 17,919,444 |

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

Houston Volunteer Lawyers Program, Inc.
Statements of Cash Flows

| <i>For the years ended December 31,</i> | 2024 | 2023 |
|--|---------------------|--------------|
| Operating activities | | |
| Change in net assets | \$ 910,519 | \$ 190,283 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Depreciation of property and equipment | 49,215 | 63,940 |
| Amortization of right of use assets | 104,401 | 107,084 |
| Changes in operating assets and liabilities: | | |
| Contributions receivable | (465,870) | (203,445) |
| Prepaid expenses and other assets | (20,903) | 2,773 |
| Accounts payable and accrued expenses | 19,739 | (22,493) |
| Operating lease liabilities | (149,227) | (153,125) |
| Refundable advances | (109,948) | 12,706 |
| IOLTA Trust account payable | 523 | (1,852) |
| Net cash provided by (used in) operating activities | 338,449 | (4,129) |
| Net change in cash | 338,449 | (4,129) |
| Cash, beginning of year | 1,644,131 | 1,648,260 |
| Cash, end of year | \$ 1,982,580 | \$ 1,644,131 |

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

Houston Volunteer Lawyers Program, Inc. Notes to Financial Statements

NOTE 1: 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 promote access to justice for individuals in Houston, Texas, and the surrounding area, by assisting those who cannot afford legal representation in civil matters. A majority of HVL's Board of Directors is appointed by an officer of the Houston Bar Association.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to donated services, collectability of receivables and functional allocation of expenses.

Program Services

HVL has only one program (legal services program) which provides access to justice for individuals who cannot afford legal representation in civil matters.

Cash

Cash includes cash and all highly liquid investments with an original maturity date of 90 days or less. Cash includes cash restricted by Interest on Lawyer Trust Accounts (IOLTA) to pay client fees which are held in a separate bank account. As of December 31, 2024 and 2023, restricted cash totaled \$885 and \$362, respectively.

Houston Volunteer Lawyers Program, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable

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. Amortization of discounts is included in contribution revenue. At December 31, 2024, all contributions receivable are due to be collected within one year. An allowance for doubtful accounts is established based on a current review of the balances owed. HVL considers all contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment with a value of more than \$5,000 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. Maintenance and repairs are charged to expense, while expenditures for improvements that extend the useful life of the assets are capitalized.

Leases

HVL leases office space and copiers. HVL determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use (ROU) assets and operating lease liabilities in the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the leases do not provide an implicit rate, HVL has made the accounting policy election to apply the risk-free rate as the discount rate at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that HVL will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

HVL's lease agreements may contain lease and non-lease components, which are generally accounted for separately. HVL has accounted for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of certain non-lease components is typically revised from one period to the next. The variable lease payments, which are primarily comprised of common area maintenance, utilities and real estate taxes, are recognized in office rent in the period in which the obligation for those payments was incurred.

HVL lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Houston Volunteer Lawyers Program, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

HVL reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of HVL, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

HVL recognizes contributions when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met or the donor has explicitly removed the conditions.

A portion of HVL's revenue is derived from government agencies, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. See Note 8 for more details. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Amounts received are recognized as revenue when HVL has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Donated Services and Materials

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by HVL.

Donated materials and use of facilities are recognized as contributions at fair value when an unconditional commitment is received from the donor.

Houston Volunteer Lawyers Program, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Donated legal services and certain expenses for travel and meetings, supplies, professional development training and seminars and professional fees can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated on the basis of estimated time and effort expended.

Income Taxes

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) of the IRC. Therefore, no provision for Federal income tax has been made in these financial statements.

HVL utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely- than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2024 and 2023, HVL has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 17, 2025. See Note 5. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Houston Volunteer Lawyers Program, Inc.
Notes to Financial Statements

NOTE 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

HVL maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as HVL's expenditures come due. The following reflects HVL's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

| <i>December 31,</i> | 2024 | 2023 |
|---|---------------------|---------------------|
| Total assets at year end | \$ 4,116,001 | \$ 3,444,395 |
| Less non-financial assets | | |
| Prepaid expenses and other assets | (104,907) | (84,004) |
| Property and equipment, net | (13,832) | (63,047) |
| Operating lease right of use assets, net | (40,206) | (144,607) |
| Financial assets at year end | 3,957,056 | 3,152,737 |
| Less: | | |
| Donor-restricted assets subject to satisfaction of restriction | (13,695) | (61,368) |
| IOLTA Trust | (885) | (362) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 3,942,476 | \$ 3,091,007 |

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 is substantially supported by contributions and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Houston Volunteer Lawyers Program, Inc.
Notes to Financial Statements

NOTE 4: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at December 31, 2024 and 2023:

| | Estimated Useful Lives (in years) | 2024 | 2023 |
|-----------------------------------|--------------------------------------|------------------|------------|
| Leasehold improvements | 11 | \$ 517,106 | \$ 517,106 |
| Furniture and equipment | 3-7 | 257,639 | 257,639 |
| | | 774,745 | 774,745 |
| Less: accumulated depreciation | | (760,913) | (711,698) |
| Total property and equipment, net | | \$ 13,832 | \$ 63,047 |

Depreciation expense for the years ended December 31, 2024 and 2023 totaled \$49,215 and \$63,940, respectively.

Note 5: LEASES

In 2014, HVL entered into a non-cancelable operating lease for office space that expires in April 2025, with options to renew for another five to ten years. The options to renew were not included in the measurement of the lease liability as HVL believes the lease options are not reasonably certain to be exercised. Monthly payment includes base rent plus a proportionate share of building operating expenses (variable non-lease component). Upon expiration of the lease, HVL will transition to a shared office space with Houston Bar Association (HBA) and negotiate an agreement to reimburse HBA for its share of costs.

In December 2018 and July 2019, HVL entered into non-cancelable operating leases for two copiers that expired in May 2024 and September 2024, respectively. The combined base monthly payment of \$1,228 also includes maintenance services (non-lease component). These leases were not renewed upon their expiration.

Lease cost for the years ended December 31, 2024 and 2023 includes approximately \$106,000 and \$112,000 in fixed costs and approximately \$221,000 and \$215,000 in variable costs, respectively, which have been reported as office rent and parking (office space) and equipment rental (copiers) in the accompanying statements of functional expenses.

Houston Volunteer Lawyers Program, Inc.
Notes to Financial Statements

Note 5: LEASES (Continued)

Future minimum lease payments under non-cancellable operating leases were as follows:

For the year ending December 31,

| 2025 | \$ | 47,635 |
|-------------------------------------|----|--------|
| Total future minimum lease payments | | 47,635 |
| Less: imputed interest | | (169) |
| Present value of lease liabilities | \$ | 47,466 |

Other information related to leases is as follows:

For the years ended December 31,

| | 2024 | 2023 |
|--|------------|------------|
| Cash flow information: | | |
| Cash paid for amounts included in the measurement of operating lease liabilities | \$ 151,280 | \$ 157,644 |
| Lease term and discount rate: | | |
| Weighted average remaining lease term | 0.42 years | 1.38 years |
| Weighted average discount rate | 1.63% | 1.61% |

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

December 31,

| | 2024 | 2023 |
|---|--------------|--------------|
| Net assets subject to expenditure for specific purpose | | |
| Veteran services | \$ - | \$ 917 |
| Other | 2,749 | 2,749 |
| Legal services | 6,116 | 10,950 |
| Translation services | 7,415 | 7,415 |
| Program salaries | 41,583 | 174,690 |
| Total subject to expenditure for specific purpose | 57,863 | 196,721 |
| Net assets subject to passage of time - usage in future years | 1,600,000 | 1,200,000 |
| Total net assets with donor restrictions | \$ 1,657,863 | \$ 1,396,721 |

Houston Volunteer Lawyers Program, Inc. Notes to Financial Statements

NOTE 7: DONATED LEGAL SERVICES

Contributed nonfinancial assets recognized within the statements of activities included \$16,214,155 and \$14,609,421 of donated legal services consisting of approximately 22,000 and 22,200 hours of legal services for the years ended December 31, 2024 and 2023, respectively. The per hour valuation for the years ended December 31, 2024 and 2023 was based on the hourly rate if provided by the volunteer attorneys. When the hourly rate was not provided, HVL used the estimated average rate of \$260 per hour. There were no donor imposed restrictions on donated services and all donated services were able to be used by HVL.

NOTE 8: CONTRIBUTIONS – GOVERNMENT GRANTS AND OTHER

HVL recognized contributions from the following sources:

| <i>December 31,</i> | 2024 | 2023 |
|---|---------------------|---------------------|
| Texas Access to Justice Foundation | \$ 1,546,075 | \$ 1,397,187 |
| Houston Bar Foundation | 1,522,375 | 1,200,000 |
| Legal Service Corporation (under contract with Lone Star Legal Aid) | 250,000 | 250,000 |
| Houston Endowment | 400,000 | - |
| Other | 709,640 | 653,119 |
| | \$ 4,428,090 | \$ 3,500,306 |

At December 31, 2024, HVL has conditional contribution awards with Texas Access to Justice Foundation of approximately \$693,000 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.

Houston Volunteer Lawyers Program, Inc.
Notes to Financial Statements

NOTE 8: CONTRIBUTIONS – GOVERNMENT GRANTS AND OTHER (Continued)

Refundable advances included in the balance sheets consist of advances from the following:

| <i>December 31,</i> | 2024 | 2023 |
|--|-------------------|-------------------|
| Texas Access to Justice Foundation | \$ 99,061 | \$ 268,829 |
| Houston Endowment | 75,000 | - |
| Houston Immigration Legal Services Collaborative | 37,370 | 52,550 |
| Other | 118 | 118 |
| | \$ 211,549 | \$ 321,497 |

NOTE 9: DEFINED CONTRIBUTION PLAN

HVL sponsors a defined contribution plan for all employees over the age of 21. HVL provides a match of 100% of employee contributions up to 5%.

Contributions to this plan were approximately \$83,500 and \$82,100 in 2024 and 2023, respectively.

NOTE 10: CONCENTRATION OF CREDIT RISK

Cash is maintained at one financial institution in Houston, Texas. The balances, at times, may exceed federally insured limits, but this risk has been mitigated by the financial strength of the institution in which the deposits are held. At December 31, 2024 and 2023, HVL has \$1,734,350 and \$1,393,903, respectively, in deposit balances exceeding federally insured limits.

For the years ended December 31, 2024 and 2023, two donors accounted for approximately 69% and 75% of total contributions, respectively.

At December 31, 2024 and 2023, approximately 71% and 80% of contributions receivable was from two donors.

Supplemental Information

Houston Volunteer Lawyers Program, Inc.
Schedule of Texas Access to Justice Foundation – Basic Civil Legal Services
Grant Contribution Revenue and Expenses – Grant ID #26229

| | BUDGET | ACTUAL | ACTUAL | DIFFERENCE |
|---------------------------------|-------------------------|--------------------------|--------------------------|-------------------|
| | 9/1/23 - 8/31/25 | 9/1/23 - 12/31/23 | 1/1/24 - 12/31/24 | |
| Contributions and grant revenue | \$ 1,932,460 | \$ 269,304 | \$ 1,212,345 | \$ 450,811 |
| Expenses: | | | | |
| Salaries and benefits | 1,653,300 | 192,509 | 1,041,714 | 419,077 |
| Space | 165,198 | 60,867 | 106,331 | (2,000) |
| Contractual services | 45,412 | 8,199 | 19,194 | 18,019 |
| Supplies | 9,500 | 462 | 4,025 | 5,013 |
| Audit | 26,000 | 964 | 25,036 | - |
| Travel | 10,000 | 314 | 1,575 | 8,111 |
| Equipment rental | 4,400 | 107 | 954 | 3,339 |
| Telephone | 2,000 | 2,384 | 4,391 | (4,775) |
| Other expenses | 16,650 | 3,498 | 9,125 | 4,027 |
| Total expenses | 1,932,460 | 269,304 | 1,212,345 | 450,811 |
| Change in net assets | \$ - | \$ - | \$ - | \$ - |

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 for the periods indicated.

Houston Volunteer Lawyers Program, Inc.

Schedule of Texas Access to Justice Foundation – Legal Aid to Veterans (LAV) Grant Contribution Revenue and Expenses – Grant ID #26230

| | BUDGET | ACTUAL | ACTUAL | DIFFERENCE |
|---------------------------------|-----------------------|------------------------|------------------------|-------------------|
| | 9/1/23-8/31/25 | 9/1/23-12/31/23 | 1/1/24-12/31/24 | |
| Contributions and grant revenue | \$ 234,566 | \$ 10,197 | \$ 65,102 | \$ 159,267 |
| Expenses: | | | | |
| Salaries and benefits | 215,100 | 5,188 | 57,322 | 152,590 |
| Space | 9,100 | 3,019 | 3,577 | 2,504 |
| Contractual services | 900 | 844 | 985 | (929) |
| Supplies | 1,366 | 34 | 77 | 1,255 |
| Audit | 600 | 78 | 730 | (208) |
| Travel | 5,000 | 94 | 408 | 4,498 |
| Telephone | 300 | 137 | 169 | (6) |
| Other expenses | 2,200 | 803 | 1,834 | (437) |
| Total expenses | 234,566 | 10,197 | 65,102 | 159,267 |
| Change in net assets | \$ - | \$ - | \$ - | \$ - |

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 periods indicated.

Houston Volunteer Lawyers Program, Inc.
Schedule of Texas Access to Justice Foundation – Legal Aid to Veterans (LAV)
Grant Contribution Revenue and Expenses – Grant ID #10087675

| | BUDGET | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | DIFFERENCE |
|---------------------------------|----------------|-----------------|-----------------|----------------|-----------------|----------------|--------------|
| | 9/1/21-2/29/24 | 9/1/21-12/31/21 | 1/1/22-12/31/22 | 1/1/23-8/31/23 | 9/1/23-12/31/23 | 1/1/24-2/29/24 | |
| Contributions and grant revenue | \$ 234,566 | \$ 15,848 | \$ 108,044 | \$ 66,875 | \$ 28,589 | \$ 8,375 | \$ 6,835 |
| Expenses: | | | | | | | |
| Salaries and benefits | 204,557 | 8,568 | 104,488 | 57,437 | 23,616 | 8,375 | 2,073 |
| Space | 11,400 | 5,400 | - | 3,766 | - | - | 2,234 |
| Contractual services | 900 | 985 | 52 | 495 | - | - | (632) |
| Supplies | 3,200 | 30 | 2,588 | 430 | - | - | 152 |
| Audit | 600 | 108 | 466 | 25 | - | - | 1 |
| Travel | 2,566 | - | 401 | 354 | - | - | 1,811 |
| Equipment rental | 300 | 305 | - | 4 | - | - | (9) |
| Telephone | 300 | 253 | 47 | 73 | - | - | (73) |
| Other expenses | 10,743 | 199 | 2 | 4,291 | 4,973 | - | 1,278 |
| Total expenses | 234,566 | 15,848 | 108,044 | 66,875 | 28,589 | 8,375 | 6,835 |
| Change in net assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |

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 periods indicated. The original grant period was September 1, 2021 through August 31, 2023. However, HVL was unable to fully utilize the grant funds by August 31, 2023 and TAJF extended the grant period to February 29, 2024. After February 29, 2024, there were no further extensions and any remaining unspent funds were returned.

Houston Volunteer Lawyers Program, Inc.
Schedule of Texas Access to Justice Foundation –
Emergency Rental Assistance Program
Grant Contribution Revenue and Expenses – Grant ID #10089576

| | BUDGET | ACTUAL | ACTUAL | DIFFERENCE |
|---------------------------------|-----------------------|------------------------|-----------------------|-------------------|
| | 9/1/22-8/31/24 | 1/1/23-12/31/23 | 1/1/24-8/31/24 | |
| Contributions and grant revenue | \$ 75,000 | \$ 43,544 | \$ 31,456 | \$ - |
| Expenses: | | | | |
| Salaries and benefits | 70,815 | 40,088 | 31,444 | (717) |
| Space | 2,711 | 2,711 | - | - |
| Contractual services | 724 | 724 | - | - |
| Supplies | 500 | 17 | 12 | 471 |
| Travel | 250 | 4 | - | 246 |
| Total expenses | 75,000 | 43,544 | 31,456 | - |
| Change in net assets | \$ - | \$ - | \$ - | \$ - |

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 periods indicated.

Houston Volunteer Lawyers Program, Inc.
Schedule of Texas Access to Justice Foundation –
Opioid Use Disorder Basic Civil Legal Services Program
Grant Contribution Revenue and Expenses – Grant ID #25103

| | BUDGET | ACTUAL | ACTUAL | ACTUAL | DIFFERENCE |
|---------------------------------|-----------------------|------------------------|-----------------------|------------------------|-------------------|
| | 1/1/23-2/28/25 | 1/1/23-12/31/23 | 1/1/24-8/31/24 | 9/1/24-12/31/24 | |
| Contributions and grant revenue | \$ 250,000 | \$ 58,571 | \$ 70,974 | \$ 36,972 | \$ 83,483 |
| Expenses: | | | | | |
| Salaries and benefits | 225,000 | 49,579 | 66,271 | 36,972 | 72,178 |
| Space | 13,750 | 7,145 | 3,421 | - | 3,184 |
| Contractual services | 3,420 | 1,301 | 634 | - | 1,485 |
| Supplies | 1,750 | - | - | - | 1,750 |
| Audit | 3,000 | 370 | 642 | - | 1,988 |
| Travel | 1,750 | 176 | 6 | - | 1,568 |
| Other expenses | 1,330 | - | - | - | 1,330 |
| Total expenses | 250,000 | 58,571 | 70,974 | 36,972 | 83,483 |
| Change in net assets | \$ - | \$ - | \$ - | \$ - | - |

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 periods indicated. The original grant period was January 1, 2023 through August 31, 2024. However, HVL was unable to fully utilize the grant funds by August 31, 2024 and TAJF extended the grant period to February 28, 2025.

Houston Volunteer Lawyers Program, Inc.
Schedule of Texas Access to Justice Foundation –
TAJF 2023 – 2025 IOLTA II Cost of Living Adjustment
Grant Contribution Revenue and Expenses – Grant ID #27480

| | BUDGET | | ACTUAL | | |
|---------------------------------|-------------------------|----------------|--------------------------|----------------|-------------------|
| | 1/1/24 - 8/31/25 | | 1/1/24 - 12/31/24 | | DIFFERENCE |
| Contributions and grant revenue | \$ | 120,851 | \$ | 120,851 | \$ - |
| Expenses: | | | | | |
| Space | | 90,000 | | 90,000 | - |
| Contractual services | | 20,000 | | 20,000 | - |
| Audit | | 5,851 | | 5,851 | - |
| Telephone | | 5,000 | | 5,000 | - |
| Total expenses | | 120,851 | | 120,851 | - |
| Change in net assets | \$ | - | \$ | - | \$ - |

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 periods indicated.

Houston Volunteer Lawyers Program, Inc.
Schedule of Legal Services Corporation –
Private Attorney Involvement Expenses

| <i>For the year ended December 31,</i> | 2024 |
|--|-------------------|
| Salaries and related expenses | \$ 213,951 |
| Rent | 25,040 |
| Contractual services | 506 |
| Audit | 4,700 |
| Travel | 243 |
| Equipment rental | 1,381 |
| Telephone | 1,402 |
| Other | 2,777 |
| Total | \$ 250,000 |

**Houston Volunteer Lawyers Program, Inc.
Schedule of Expenditures of State of Texas Awards
For the Year Ended December 31, 2024**

| State Grantor/Program or Cluster Title | Assistance Listing | Grant # | 2024 Expenditures | Transfers to Subrecipients |
|---|--------------------|------------------------------|---------------------|----------------------------|
| <i>Supreme Court of Texas</i> | | | | |
| Passed-through Texas Access to Justice Foundation Basic Civil Legal Services Program | n/a | 26229 | \$ 1,212,345 | \$ - |
| Legal Aid for Opioid Use Disorder (OUD) Grant Program | n/a | 25103 | 107,946 | - |
| Legal Aid to Veterans (LAV) | n/a | 10087675 / 26230 | 73,477 | - |
| Total passed-through Texas Access to Justice Foundation | | | 1,393,768 | |
| Passed-through Texas Veterans Commission Funds for Veterans Assistance | n/a | GT-FVA22-011 / R-2022-151693 | 172,817 | - |
| <i>Total expenditures of State of Texas Awards</i> | | | \$ 1,566,585 | \$ - |

Houston Volunteer Lawyers Program, Inc.
Notes to Schedule of Expenditures of State of Texas Awards
For the Year Ended December 31, 2024

Note 1: BASIS OF PRESENTATION OF SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS

The accompanying Schedule of Expenditures of State of Texas Awards (the Schedule) presents the State of Texas program fund expenditures of Houston Volunteer Lawyers Program, Inc. (HVL) for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Texas Grant Management Standards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of HVL's financial statements.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles as found in the UGMS or TxGMS, depending on grant award date.

HVL did not receive any noncash assistance, state loans, or state funded insurance during the year ended December 31, 2024.

Note 3: RELATIONSHIP TO FINANCIAL REPORTS SUBMITTED TO GRANTOR AGENCIES

Amounts reflected in the financial reports filed with grantor agencies for the programs and the supplementary schedules may not agree because of accruals included in the next report filed with the agencies, matching requirements not included in the Schedule of Expenditures of State of Texas Awards and different program year ends.



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

To the Board of Directors of
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, 2024 and the related statements of activities, 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 17, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 HVL's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

April 17, 2025
Houston, Texas



CARR, RIGGS & INGRAM, L.L.C.

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Independent Auditor's Report on Compliance for the Major State of Texas Program and on Internal Control over Compliance Required by Texas Grant Management Standards and the *BCLS Program Compliance Supplement*

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

Report on Compliance for the Major State of Texas Program

Opinion on the Major State of Texas Program

We have audited Houston Volunteer Lawyers Program, Inc.'s (HVL) compliance with the types of compliance requirements described in the *BCLS Program Compliance Supplement* that could have a direct and material effect on HVL's major State of Texas program for the year ended December 31, 2024. HVL's major State of Texas program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 its major State of Texas program for the year ended December 31, 2024.

Basis for Opinion on the Major State of Texas Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on HVL's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the suggested auditing procedures included in the *BCLS Program Compliance Supplement* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about HVL's compliance with the requirements of the major State of Texas program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Texas Grant Management Standards, and the *BCLS Program Compliance Supplement*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding HVL's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of HVL's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Texas Grant Management Standards and *the BCLS Program Compliance Supplement*, but not for the purpose of expressing an opinion on the effectiveness of HVL's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State of Texas 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 a State of Texas program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State of Texas 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Texas Grant Management Standards and the *BCLS Program Compliance Supplement*. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Houston, Texas
April 17, 2025

Independent Auditor's Report on Compliance for the Private Attorney Involvement Program (PAI) and on Internal Control Over Compliance Required by the Legal Services Corporation (LSC) Compliance Supplement for Audits of LSC Recipients

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

Report on Compliance for the PAI Program

Opinion on 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 (LSC) Compliance Supplement for Audits of LSC Recipients* that could have a direct and material effect on HVL's PAI Program for the year ended December 31, 2024.

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, 2024.

Basis for Opinion on PAI Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the suggested auditing procedures included in the *Legal Services Corporation Compliance Supplement for Audits of LSC Recipients*. Our responsibilities under those standards and the *Legal Services Corporation Compliance Supplement for Audits of LSC Recipients* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on HVL's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the suggested auditing procedures included in the *Legal Services Corporation Compliance Supplement for Audits of LSC Recipients* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about HVL's compliance with the requirements of the PAI Program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Legal Services Corporation Compliance Supplement for Audits of LSC Recipients*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding HVL's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of HVL's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Legal Services Corporation Compliance Supplement for Audits of LSC Recipients*, but not for the purpose of expressing an opinion on the effectiveness of HVL's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Carr, Riggs & Ingram, L.L.C.

Houston, Texas
April 17, 2025

**Houston Volunteer Lawyers Program, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

| | |
|---|---------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statements noted? | No |

State of Texas Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(s) identified that are not considered to be material weaknesses? | None reported |
| Type of auditor's report issued on compliance for the major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with the Texas Grant Management Standards? | No |

Identification of the major programs:

State Contract Number
26229

Name of State Programs
Basic Civil Legal Services Grant

| | |
|--|-----------|
| Dollar threshold used to distinguish between Type A and type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

**Houston Volunteer Lawyers Program, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024**

SECTION II: FINANCIAL STATEMENT FINDINGS

None for the year ended December 31, 2024.

SECTION III: STATE OF TEXAS AWARD FINDINGS AND QUESTIONED COSTS

None for the year ended December 31, 2024.

SCHEDULE OF PRIOR YEAR FINDINGS

No prior year findings reported.