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PHILLIP G. WILSON
TERRY W. LANCASTER

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Legal Services of Southern Piedmont, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Legal Services of Southern Piedmont, Inc. (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 in the first paragraph present fairly, in all material respects, the financial position of Legal Services of Southern Piedmont, Inc., as of June 30, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Organization's 2015 financial statements, and our report dated September 22, 2015, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. DeWitt Foard & Company, P.A.
September 22, 2016

MEMBER: AMERICAN INSTITUTE OF CPAS & NORTH CAROLINA ASSOCIATION OF CPAS

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Statement of Financial Position

June 30, 2016, with prior year comparative totals

	June 30, 2016	June 30, 2015
ASSETS		
Current Assets:		
Cash	$ 276,853	$ 156,472
Investments - certificates of deposit	68,958	68,850
Accounts Receivable:		
Grants	1,155,326	1,043,064
Other	10,409	12,521
Sales taxes	3,361	2,286
Prepaid expenses	51,033	45,707
Total Current Assets	***1,565,940***	***1,328,900***
Non-Current Assets:		
Beneficial interest in quasi-endowment fund	25,119	19,495
Property and Equipment - Net	483,295	516,636
TOTAL ASSETS	***$ 2,074,354***	***$ 1,865,031***
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 16,048	$ 18,572
Funds held for others	66,858	64,494
Accrued payroll and withholdings	203,710	144,349
Total Current Liabilities	***286,616***	***227,415***
Net Assets:		
Unrestricted:		
Board-designated	100,119	94,495
Property	483,295	516,636
Undesignated	221,414	161,178
Total Unrestricted	***804,828***	***772,309***
Temporarily restricted	982,910	865,307
Total Net Assets	***1,787,738***	***1,637,616***
TOTAL LIABILITIES AND NET ASSETS	***$ 2,074,354***	***$ 1,865,031***

See accompanying notes to financial statements.

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Statement of Activities

Year Ended June 30, 2016, with prior year comparative totals

	Year Ended June 30, 2016			2015
	Unrestricted	Temporarily Restricted	TOTALS	Comparative Totals
SUPPORT AND REVENUE				
Support:				
Contributions	$ 333,740	$ -	$ 333,740	$ 253,832
Grants	221,996	1,903,478	2,125,474	1,911,883
In-kind contributions	436,061	-	436,061	285,721
Special events (net of $30,392 direct benefit)	40,035	-	40,035	46,094
Revenue:				
Rental income	62,800	-	62,800	62,800
Contract revenue	84,833	-	84,833	105,842
Fees and attorney awards	238,750	-	238,750	44,609
Investment and other	(145)	-	(145)	3,612
Net Assets Released from Restrictions	1,785,875	(1,785,875)	-	-
Total Support and Revenue	***3,203,945***	***117,603***	***3,321,548***	***2,714,393***
EXPENSES				
Program services	2,819,635	-	2,819,635	2,500,729
Management and general	156,010	-	156,010	142,572
Fundraising	195,781	-	195,781	157,807
Total Expenses	***3,171,426***	***-***	***3,171,426***	***2,801,108***
CHANGE IN NET ASSETS	***32,519***	***117,603***	***150,122***	***(86,715)***
NET ASSETS, BEGINNING	***772,309***	***865,307***	***1,637,616***	***1,724,331***
NET ASSETS, ENDING	***$ 804,828***	***$ 982,910***	***$ 1,787,738***	***$ 1,637,616***

See accompanying notes to financial statements.

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Statement of Functional Expenses

Year Ended June 30, 2016, with prior year comparative totals

	Year Ended June 30, 2016				2015
	Program Services	Management and General	Fundraising	TOTALS	Comparative Totals
Salaries and Benefits:					
Salaries:					
Staff attorneys	$ 1,030,326	$ 26,458	$ 26,458	$ 1,083,242	$ 912,381
Paralegal and program	435,671	-	-	435,671	507,528
Administrative	23,714	68,388	91,189	183,291	145,463
Support staff	46,352	4,241	7,125	57,718	92,851
Employee benefits	364,539	23,395	29,185	417,119	339,257
Payroll taxes	112,794	7,239	9,030	129,063	121,353
Total	***2,013,396***	***129,721***	***162,987***	***2,306,104***	***2,118,833***
Other Expenses:					
Attorneys fees (in-kind)	393,009	-	-	393,009	285,721
Occupancy	134,127	8,608	10,738	153,473	80,727
Other program costs	27,088	1,738	2,169	30,995	31,189
Outside services	14,795	950	1,184	16,929	39,912
Travel and training	34,162	2,192	2,735	39,089	38,985
Publications and reference	20,461	1,313	1,638	23,412	14,925
Information technology	33,745	2,166	2,702	38,613	36,260
Justice For All Fundraiser	-	-	30,392	30,392	32,663
Dues	14,063	903	1,126	16,092	15,838
Supplies	15,724	1,009	1,259	17,992	11,403
Insurance	11,464	736	918	13,118	11,881
Postage and delivery	13,920	893	1,114	15,927	14,745
Communications	23,905	1,534	1,914	27,353	25,218
Equipment costs	18,650	1,197	1,493	21,340	19,465
Litigation costs	3,609	-	-	3,609	4,400
Total	***758,722***	***23,239***	***59,382***	***841,343***	***663,332***
Total Expenses Before Depreciation	2,772,118	152,960	222,369	3,147,447	2,782,165
Depreciation Expense	47,517	3,050	3,804	54,371	51,606
TOTAL EXPENSES	***$ 2,819,635***	***$ 156,010***	***$ 226,173***	***$ 3,201,818***	***$ 2,833,771***
Less - Special Events Costs Deducted from Revenue	-	-	(30,392)	(30,392)	(32,663)
NET EXPENSES	***$ 2,819,635***	***$ 156,010***	***$ 195,781***	***$ 3,171,426***	***$ 2,801,108***

See accompanying notes to financial statements.

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PHILLIP G. WILSON
TERRY W. LANCASTER

MANAGEMENT LETTER

September 22, 2016

To the Board of Directors of
Legal Services of Southern Piedmont, Inc.
Charlotte, North Carolina

We have audited the financial statements of Legal Services of Southern Piedmont, Inc. (the "Organization") for the year ended June 30, 2016, and have issued our report dated September 22, 2016. Professional standards require that we provide you with the following information related to our audit.

In planning and performing our audit of the financial statements of Legal Services of Southern Piedmont, Inc., as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the management and staff within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

C. DeWitt Foard & Company, P.A.

C. DeWitt Foard & Company, PA
Certified Public Accountants