

***LEGAL SERVICES OF
SOUTHERN PIEDMONT, INC.***

***FINANCIAL STATEMENTS
JUNE 30, 2017***

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Table of Contents

June 30, 2017

	Page
Independent Auditors' Report	1
Audited Financial Statements:	
Statement of Financial Position.....	2
Statement of Activities	3
Statement of Functional Expenses.....	4
Statement of Cash Flows	5
Notes to Financial Statements	6-13

C. DEWITT FOARD & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
817 EAST MOREHEAD STREET SUITE 100
CHARLOTTE, NORTH CAROLINA 28202
TELEPHONE: 704-372-1515 FACSIMILE: 704-372-6066

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, 2017, 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

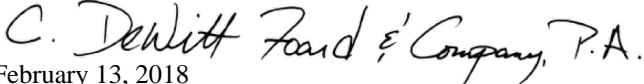
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2017 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 2016 financial statements, and our report dated September 22, 2016, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.


February 13, 2018

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.**Statement of Financial Position****June 30, 2017, with prior year comparative totals**

	June 30,	
	2017	2016
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 657,941	\$ 276,853
Investments - certificates of deposit	69,050	68,958
Accounts Receivable:		
Grants	1,333,546	1,155,326
Other	13,401	10,409
Sales taxes	4,979	3,361
Prepaid expenses	57,201	51,033
<i>Total Current Assets</i>	<i>2,136,118</i>	<i>1,565,940</i>
Non-Current Assets:		
Beneficial interest in quasi-endowment fund	31,737	25,119
Property and Equipment - Net	428,267	483,295
<i>TOTAL ASSETS</i>	<i>\$ 2,596,122</i>	<i>\$ 2,074,354</i>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 18,516	\$ 16,048
Funds held for others	88,069	66,858
Accrued payroll and withholdings	199,479	203,710
<i>Total Current Liabilities</i>	<i>306,064</i>	<i>286,616</i>
Net Assets:		
Unrestricted:		
Board-designated	106,737	100,119
Property	428,267	483,295
Undesignated	535,010	221,414
<i>Total Unrestricted</i>	<i>1,070,014</i>	<i>804,828</i>
Temporarily restricted	1,220,044	982,910
<i>Total Net Assets</i>	<i>2,290,058</i>	<i>1,787,738</i>
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<i>\$ 2,596,122</i>	<i>\$ 2,074,354</i>

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.**Statement of Activities****Year Ended June 30, 2017, with prior year comparative totals**

	Year Ended June 30, 2017			2016
	Unrestricted	Temporarily Restricted	TOTALS	Comparative Totals
<u>SUPPORT AND REVENUE</u>				
Support:				
Contributions	\$ 484,332	\$ -	\$ 484,332	\$ 333,740
Grants	223,864	2,301,453	2,525,317	2,125,474
In-kind contributions	560,864	-	560,864	436,061
Special events (net of \$33,238 direct benefit)	37,878	-	37,878	40,035
Revenue:				
Rental income	62,800	-	62,800	62,800
Contract revenue	68,696	-	68,696	84,833
Fees and attorney awards	182,413	-	182,413	238,750
Investment and other	10,416	-	10,416	(145)
Net Assets Released from Restrictions	2,064,319	(2,064,319)	-	-
<i>Total Support and Revenue</i>	3,695,582	237,134	3,932,716	3,321,548
<u>EXPENSES</u>				
Program services	3,040,423	-	3,040,423	2,819,635
Management and general	183,231	-	183,231	156,010
Fundraising	206,742	-	206,742	195,781
<i>Total Expenses</i>	3,430,396	-	3,430,396	3,171,426
<i>CHANGE IN NET ASSETS</i>	265,186	237,134	502,320	150,122
<i>NET ASSETS, BEGINNING</i>	804,828	982,910	1,787,738	1,637,616
<i>NET ASSETS, ENDING</i>	\$ 1,070,014	\$ 1,220,044	\$ 2,290,058	\$ 1,787,738

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Statement of Functional Expenses

Year Ended June 30, 2017, with prior year comparative totals

	Year Ended June 30, 2017				2016 Comparative Totals
	Program Services	Management and General	Fundraising	TOTALS	
Salaries and Benefits:					
Salaries:					
Staff attorneys	\$ 949,606	\$ 28,489	\$ 28,489	\$ 1,006,584	\$ 1,083,242
Paralegal and program	526,140	-	-	526,140	435,671
Administrative	68,025	72,550	99,929	240,504	183,291
Support staff	43,197	18,509	2,790	64,496	57,718
Employee benefits	349,929	25,181	29,868	404,978	417,119
Payroll taxes	117,475	8,454	10,027	135,956	129,063
Total	2,054,372	153,183	171,103	2,378,658	2,306,104
Other Expenses:					
Attorneys fees (in-kind)	560,864	-	-	560,864	393,009
Occupancy	93,771	6,748	8,004	108,523	153,473
Other program costs	40,035	2,881	3,417	46,333	30,995
Outside services	34,166	2,459	2,916	39,541	16,929
Travel and training	35,369	2,545	3,019	40,933	39,089
Publications and reference	16,701	1,202	1,425	19,328	23,412
Information technology	34,787	2,503	2,969	40,259	38,613
Justice For All Fundraiser	-	-	33,238	33,238	30,392
Dues	14,230	1,024	1,215	16,469	16,092
Supplies	18,805	1,166	1,383	21,354	17,992
Insurance	13,302	957	1,135	15,394	13,118
Postage and delivery	14,330	1,031	1,223	16,584	15,927
Communications	26,950	1,939	2,300	31,189	27,353
Equipment costs	26,890	1,935	2,295	31,120	21,340
Litigation costs	5,022	-	-	5,022	3,609
Total	935,222	26,390	64,539	1,026,151	841,343
Total Expenses Before Depreciation	2,989,594	179,573	235,642	3,404,809	3,147,447
Depreciation Expense	50,829	3,658	4,338	58,825	54,371
TOTAL EXPENSES	\$ 3,040,423	\$ 183,231	\$ 239,980	\$ 3,463,634	\$ 3,201,818
Less - Special Events Costs Deducted from Revenue	-	-	(33,238)	(33,238)	(30,392)
NET EXPENSES	\$ 3,040,423	\$ 183,231	\$ 206,742	\$ 3,430,396	\$ 3,171,426

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.**Statement of Cash Flows****Year Ended June 30, 2017, with prior year comparative totals**

	June 30,	
	2017	2016
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 502,320	\$ 150,122
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	58,825	54,371
Unrealized (gain) loss on investments	(2,704)	1,045
(Increase) decrease in operating assets:		
Receivables	(182,830)	(111,225)
Prepaid expenses	(6,168)	(5,326)
Increase (decrease) in operating liabilities:		
Accounts payable	2,468	(2,524)
Funds held for others	21,211	2,364
Accrued payroll and withholdings	(4,231)	59,361
<i>Cash Flows from Operating Activities</i>	<i>388,891</i>	<i>148,188</i>
<u>INVESTING ACTIVITIES</u>		
Purchases of fixed assets	(3,797)	(21,030)
Purchases of investments	(4,006)	(6,886)
Proceeds from sale of investments	-	109
<i>Cash Flows from Investing Activities</i>	<i>(7,803)</i>	<i>(27,807)</i>
<u>FINANCING ACTIVITIES</u>		
Proceeds from line of credit	50,000	180,000
Principal paid on line of credit	(50,000)	(180,000)
<i>Cash Flows from Financing Activities</i>	<i>-</i>	<i>-</i>
NET CHANGE IN CASH	381,088	120,381
CASH, BEGINNING	276,853	156,472
CASH, ENDING	\$ 657,941	\$ 276,853

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Notes to Financial Statements

June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Legal Services of Southern Piedmont, Inc. (LSSP) is a North Carolina not-for-profit corporation that began operations in 1967 and has its principal office in Charlotte. Effective September 1, 2017 LSSP changed their name to Charlotte Center for Legal Advocacy, Inc. The purpose of LSSP is to provide equal access to justice for indigent persons in its service area by providing representation for indigent persons on matters of significant concern to them individually and advocating for the low income community, or groups of indigent persons, on issues of concern to the whole or significant segment of the low income community. LSSP also provides services for the elderly community in the Charlotte Area. During the period of this report, LSSP, an United Way agency, primarily served individuals and families living in the Charlotte metropolitan area and west-central North Carolina whose income does not exceed 200 percent of the federal poverty level.

Funding sources

LSSP is supported by a combination of federal, state and local government funds, the United Way of Central Carolinas, contributions from individuals and organizations, grants from state and local bar organizations, grants from private foundations, client fees, and other sources.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Unrestricted net assets can be both undesignated and designated in nature. Undesignated, unrestricted net assets are those currently available for use in the day-to-day operation of LSSP and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized to meet specific objectives. Such amounts, if any, are reflected as unrestricted, designated net assets in the accompanying statement of financial position.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of LSSP and/or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the LSSP. During the year ended June 30, 2017, LSSP had no permanently restricted net assets.

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Notes to Financial Statements

June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Presentation

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. LSSP recognizes unconditional promises to give as support in the period the promise is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expenses are recorded as decreases in unrestricted net assets.

Donated professional services

Certain services are donated by various attorneys, law students and paralegals in the LSSP service area at no charge in connection with the Access to Justice Pro Bono Program. Such donated services have been reflected in the accompanying financial statements, based on estimated salary rates, payroll taxes, and employee benefits. If LSSP employed these individuals to perform these services, the estimated cost is \$105 per hour.

Other donated goods and services

No other amounts have been reflected in the financial statements for donated goods and services. LSSP pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist LSSP with program services, management, and fundraising efforts. LSSP does not record the value of other donated services in its financial statements since the value of the services generally does not meet the requirements for recognition in the financial statements.

Functional allocation of expenses

Expenses are allocated to program services, management and general, and fundraising based on management's estimate of time spent and various allocation methods appropriate to the type of expense.

Accrued compensated absences

LSSP allows employees to carry over up to 150 hours of compensated absences at the end of the calendar year. During the year, employees are allowed to accrue more than 150 hours, and are paid for the entire amount upon leaving LSSP. This amount is shown as an expense when earned and the unpaid balance at year-end is included as a liability in the accompanying financial statements.

Federal income tax status

LSSP is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) with respect to its exempt function income. LSSP is classified as other than a private foundation as defined by Section 509(a) of the Internal Revenue Code.

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Notes to Financial Statements

June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prior-year comparative totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the LSSP's 2016 financial statements, from which the summarized information was derived. Certain amounts shown as prior-year comparative totals may have been reclassified to conform to the current-year presentation.

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – INVESTMENTS

Certificates of deposit

Certificates of deposit are reported at cost plus accrued interest, which approximates fair value. The balance as of June 30, 2017, consists of two certificates of deposit, with maturities of three and six months.

Beneficial interest

LSSP's quasi-endowment fund is managed by Foundation for the Carolinas and is carried on the books at its fair value, which is estimated by Foundation for the Carolinas.

Investment income

Investment income for the year ended June 30, 2017, is comprised of the following:

Interest and dividend income	\$ 92
Change in value of beneficial interest	<u>2,704</u>
TOTAL	<u>\$ 2,796</u>

Fair value

Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Notes to Financial Statements

June 30, 2017

NOTE 2 – INVESTMENTS, continued

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

LSSP's certificates of deposit are classified as Level 2 assets and fair value is determined based on cost plus accrued interest. LSSP's investments at Foundation for the Carolinas are classified as Level 3 assets and fair value is determined based on the value of the underlying assets, which consist of investments some of which are publicly-traded and some of which are not.

The following table sets forth a summary of changes in the fair value of LSSP's Level 3 assets for the year ended June 30, 2017:

Balance, beginning of year	\$ 25,119
Purchases	3,914
Net increase in value	<u>2,704</u>
Balance, end of year	<u>\$ 31,737</u>

Quasi-endowment policies

Quasi-endowment investments are managed by Foundation for the Carolinas, which has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions while growing the funds. Actual returns in any given year will vary.

NOTE 3 – RECEIVABLES

Bad debts

Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, and current economic conditions. All receivables are presented at net realizable value and are expected to be collected in the next fiscal year. No allowance for bad debt has been provided as management believes that the bad debt allowance would not be material in relation to the financial statements.

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Notes to Financial Statements

June 30, 2017

NOTE 4 – PROPERTY AND EQUIPMENT

Basis of presentation

Fixed assets are capitalized at cost if purchased or fair value if donated, subject to a \$2,500 capitalization policy. Major repairs and improvements to existing assets that are expected to significantly extend the useful life of such assets are also capitalized. Repair costs not expected to significantly extend the asset's useful life are expensed in the year such costs are incurred. LSSP uses the straight-line method of depreciation over the estimated useful lives of the assets, which vary from three to ten years for computers, furniture and equipment, to 30 years for the building and building improvements. Salvage values are not utilized.

Balance at June 30, 2017

Fixed assets at June 30, 2017 consisted of the following:

Land	\$ 206,367
Building	359,791
Building improvements	214,268
Furniture and equipment	<u>133,298</u>
TOTAL COST	913,724
Less - accumulated depreciation	<u>(485,457)</u>
PROPERTY AND EQUIPMENT – NET	<u>\$ 428,267</u>

NOTE 5 – NET ASSETS

Board-designated

The LSSP Board of Directors has resolved that the following designated funds be established:

Quasi-Endowment Fund – The Board has established a quasi-endowment fund at the Foundation of the Carolinas with a fair value at year-end of \$31,737.

Designated Impact Advocacy Fund – The Board established an impact advocacy fund with an initial funding of \$50,000 for representation of groups, for community economic development, for legislative and administrative advocacy, and for impact legislation. The Executive Director is authorized to use funds for each activity or incident up to \$25,000 without Board approval and shall maintain separate accounting for such expenditures.

Designated Building Repair and Improvement Fund – The Board established a building repair and improvement fund with an initial funding of \$25,000. The fund is to be used for repair and improvement of real estate owned and operated by LSSP beyond normal costs that are provided for in the budget. The Executive Director is authorized to use funds up to \$25,000 without Board approval.

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Notes to Financial Statements

June 30, 2017

NOTE 5 – NET ASSETS, continued

Temporarily restricted

Temporarily restricted activity for the year was as follows:

	<u>Beginning</u>	<u>Received</u>	<u>Released</u>	<u>Ending</u>
Navigator	\$ 53,425	\$ 277,670	\$ 308,492	\$ 22,603
Mecklenburg County	238,000	238,000	238,000	238,000
Kate B. Reynolds	118,524	-	94,819	23,705
United Way	161,257	157,473	161,257	157,473
Equal Justice Works	53,342	82,000	105,331	30,011
IOLTA	52,750	109,895	107,698	54,947
Internal Revenue Service	50,000	100,000	100,000	50,000
Legal Orientation Program	23,468	81,191	89,897	14,762
NCHFA Foreclosure	-	91,000	91,000	-
Sisters of Mercy	37,500	50,000	50,000	37,500
Southern REACH	25,000	47,500	48,750	23,750
Z. Smith Reynolds	20,625	106,250	106,250	20,625
GCC Elder Abuse	41,250	4,939	44,354	1,835
Department of Justice	10,250	-	10,250	-
HUD Housing Assistance	20,858	-	20,858	-
Attorney General Medical	8,750	-	8,750	-
Council of Governments	-	24,702	24,702	-
CPCC One-Stop	30,000	-	30,000	-
Reisner Trust	-	25,000	25,000	-
NC Child	7,500	-	7,500	-
Mecklenburg Bar Foundation	10,000	15,000	17,500	7,500
North Carolina Bar Foundation	10,000	20,000	20,000	10,000
SC Appleseed Legal Justice	9,917	-	9,917	-
Bank of America Foreclosure	-	82,500	55,000	27,500
Bank of America Redevelopment	-	544,423	132,103	412,320
City of Charlotte NB Services	-	2,500	2,500	-
CHS Medical Legal Partnership	-	65,000	32,500	32,500
Hispanics in Philanthropy	-	25,000	8,333	16,667
VOCA	-	151,410	113,558	37,852
Community Link Veterans	494	-	-	494
TOTAL	\$ 982,910	\$ 2,301,453	\$ 2,064,319	\$ 1,220,044

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Notes to Financial Statements

June 30, 2017

NOTE 5 – NET ASSETS, continued

Grants

Total grants for the year are comprised of the following:

Restricted grants detailed above		\$ 2,301,453
Unrestricted:		
NC State Bar Access to Justice	\$ 122,364	
Oak Foundation	50,000	
Leon Levine Foundation	51,500	223,864
		<hr/>
TOTAL		<u>\$ 2,525,317</u>

Net assets released

During the year \$1,010,110 of restricted net assets were released by expiration of time restrictions and \$1,054,209 of restricted net assets were released by payment for restricted purposes.

NOTE 6 – LINE OF CREDIT

LSSP has available a line of credit of up to \$150,000 from a local financial institution which matures in June 2018. Payments of interest only at the Bank's prime rate are required. At June 30, 2017, there was no balance due. Interest expense of \$73 was incurred and paid during the year.

NOTE 7 – LEASES

Operating leases

LSSP has entered into non-cancelable operating lease agreements for office space and a mail machine. Lease payments made during the year ended June 30, 2017 were \$49,876. Future minimum payments due under operating leases are as follows:

2018	\$ 31,056
2019	<u>27,692</u>
TOTAL	<u>\$ 58,748</u>

NOTE 8 – CONCENTRATIONS OF RISK

Geographic area

LSSP operates in a small geographic area, and is therefore sensitive to changes in the local economy.

Cash

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash held by the Organization at June 30, 2017, included \$126,921 of cash in excess of insured limits.

LEGAL SERVICES OF SOUTHERN PIEDMONT, INC.

Notes to Financial Statements

June 30, 2017

NOTE 8 – CONCENTRATIONS OF RISK, continued

Funding

During the year ended June 30, 2017, LSSP received the majority of its funding from a limited number of funding sources, a large amount of which is renewable annually. This represents a significant concentration of risk that operations could be affected if any of these agencies unexpectedly discontinued their funding of LSSP.

NOTE 9 – RETIREMENT PLAN

LSSP provides a 401(k) plan for the benefit of its employees. Contributions to the Plan are made at the discretion of the LSSP Board of Directors and employee contributions are also permitted. Contributions are allocated to employees based on compensation and employees are fully vested in employer contributions after four years. A more detailed description of the Plan is available in the Summary Plan Description. For the year ended June 30, 2017, LSSP accrued a contribution to the Plan of \$75,372.

NOTE 10 – SUBSEQUENT EVENTS

LSSP has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.