

LEGAL SERVICES CORPORATION



2013 Annual Report





Private Funding Effort Launched

In advance of LSC's 40th anniversary in 2014, LSC launched in 2013 a groundbreaking campaign to support new projects and programs with private funding that will build on congressional support and extend the work of civil legal aid providers around the country. In May, LSC hired its first Chief Development Officer to lead the organization's new private fundraising initiative.

The campaign focuses on expanding access to justice through technology, new service initiatives, fellowships, and leadership development for LSC grantees. The service initiatives will include programs to attract and provide private funding for lawyers and law students to serve clients in need through a summer rural legal summer corps and senior pro bono fellows program. Also, because leadership at many LSC-funded programs will likely turn over in the next decade, LSC aims to prepare the next generation of leaders to meet the challenges of a modern legal aid program by convening a biennial conference to highlight best practices, and by providing training in leadership, business management, and collaboration skills.

In the final months of 2013, LSC's Board of Directors approved the framework for raising funds for the organization's 40th anniversary celebration year, which begins in late 2014, and LSC announced two lead gifts for the 40th campaign from the DLA Piper and Sidley Austin law firms.



For more information on LSC's 40th Anniversary, click here or visit

 <http://lsc40.lsc.gov>



Board of Directors

John G. Levi, *Chairman*
 Martha Minow, *Vice Chair*
 Sharon L. Browne
 Robert J. Grey Jr.
 Charles N.W. Keckler
 Harry J.F. Korrell III
 Victor B. Maddox
 Laurie Mikva
 The Rev. Pius Pietrzyk, O.P.
 Julie A. Reiskin
 Gloria Valencia-Weber

Officers

James J. Sandman, *President*
 Ronald Flagg, *General Counsel,
 Corporate Secretary and
 Vice President for Legal Affairs*
 Lynn A. Jennings, *Vice President for
 Grants Management*
 David L. Richardson, *Treasurer
 and Comptroller*

Office of Inspector General

Jeffrey E. Schanz, *Inspector General*

The Legal Services Corporation is the single largest funder of civil legal services in the country and plays a vital role in a public-private partnership focused on fulfilling America's pledge of equal justice for all.

Since its founding four decades ago, LSC has been making a difference in the lives of low-income Americans by funding high-quality civil legal assistance to veterans, the elderly, victims of domestic abuse, tenants facing unlawful evictions, and others who cannot afford to pay for legal assistance.

“The Congress finds and declares that—

- (1) there is a need to provide equal access to the system of justice in our Nation for individuals who seek redress of grievances;
- (2) there is a need to provide high quality legal assistance to those who would be otherwise unable to afford adequate legal counsel and to continue the present vital legal services program;
- (3) providing legal assistance to those who face an economic barrier to adequate legal counsel will serve best the ends of justice and assist in improving opportunities for low-income persons consistent with the purposes of this Act.”

—Excerpt from the
Legal Services Corporation Act
Public Law 93-355, July 25, 1974

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ALABAMA

Legal Services Alabama

ALASKA

Alaska Legal Services Corporation

ARIZONA

Community Legal Services
DNA-Peoples Legal Services
Southern Arizona Legal Aid

ARKANSAS

Center for Arkansas Legal Services
Legal Aid of Arkansas

CALIFORNIA

Bay Area Legal Aid
California Indian Legal Services
California Rural Legal Assistance
Central California Legal Services
Greater Bakersfield Legal Assistance
Inland Counties Legal Services
Legal Aid Foundation of Los Angeles
Legal Aid Society of Orange County
Legal Aid Society of San Diego
Legal Services of Northern California
Neighborhood Legal Services of Los Angeles County

COLORADO

Colorado Legal Services

CONNECTICUT

Statewide Legal Services of Connecticut

DELAWARE

Legal Services Corporation of Delaware

DISTRICT OF COLUMBIA

Neighborhood Legal Services Program of the District of Columbia

FLORIDA

Bay Area Legal Services
Coast to Coast Legal Aid of South Florida
Community Legal Services of Mid-Florida
Florida Rural Legal Services
Legal Services of Greater Miami
Legal Services of North Florida
Three Rivers Legal Services

GEORGIA

Atlanta Legal Aid Society
Georgia Legal Services Program

HAWAII

Legal Aid Society of Hawaii

IDAHO

Idaho Legal Aid Services

ILLINOIS

Land of Lincoln Legal Assistance Foundation
Legal Assistance Foundation of Metropolitan Chicago
Prairie State Legal Services

INDIANA

Indiana Legal Services

IOWA

Iowa Legal Aid

KANSAS

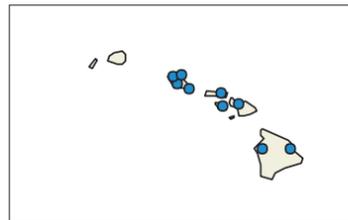
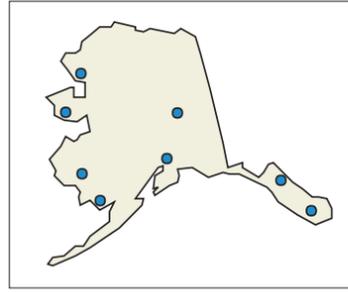
Kansas Legal Services

KENTUCKY

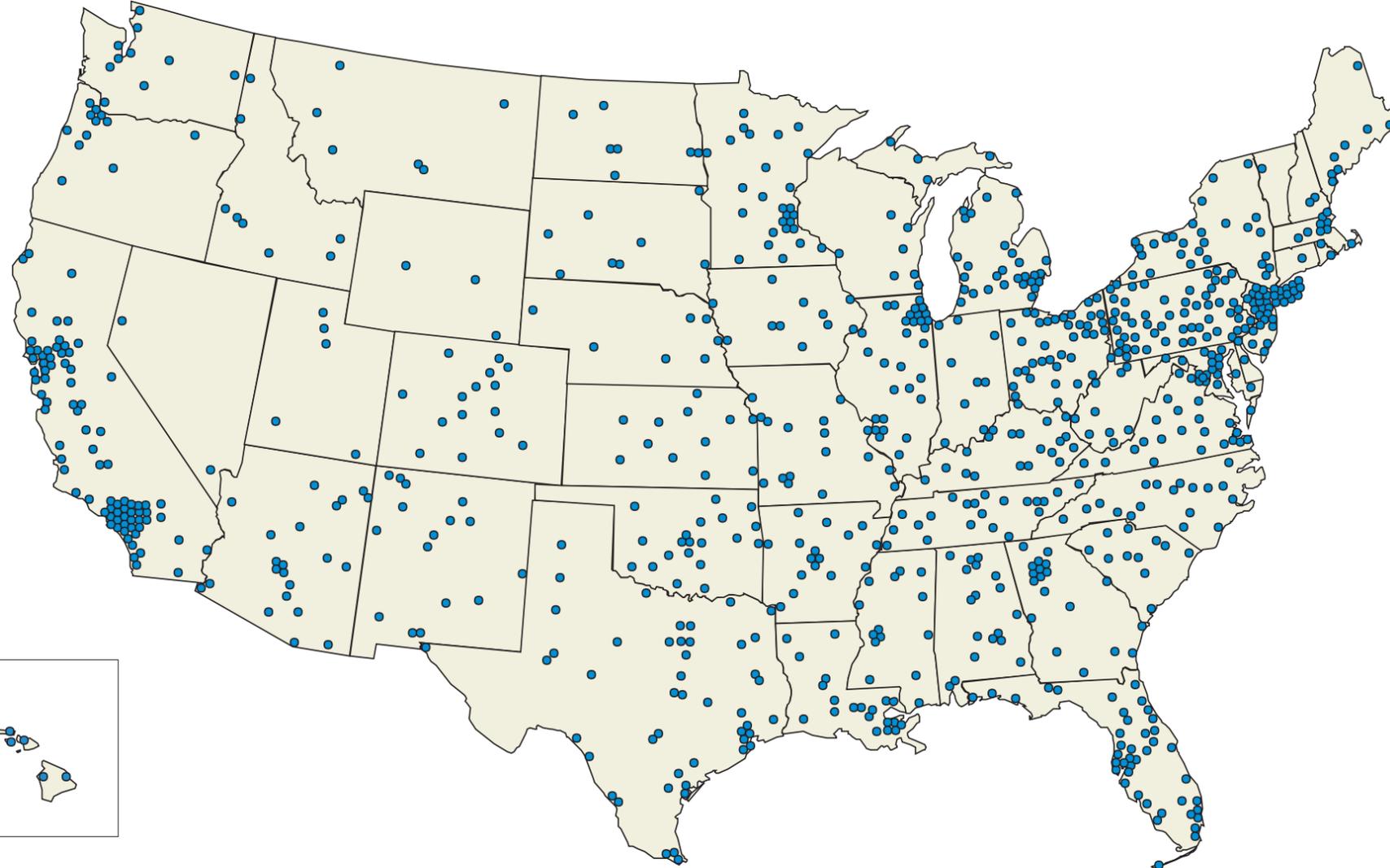
Appalachian Research and Defense Fund of Kentucky
Kentucky Legal Aid
Legal Aid of the Blue Grass
Legal Aid Society

LOUISIANA

Acadiana Legal Service Corporation
Legal Services of North Louisiana
Southeast Louisiana Legal Services Corporation



In 2013, the Legal Services Corporation provided grants to 134 independent, nonprofit organizations that provide free civil legal services to low-income Americans from nearly 800 offices located in every state, the District of Columbia and the territories of the United States of America.



MAINE

Pine Tree Legal Assistance

MARYLAND

Legal Aid Bureau

MASSACHUSETTS

Community Legal Aid
Merrimack Valley Legal Services
South Coastal Counties Legal Services
Volunteer Lawyers Project of the Boston Bar Association

MICHIGAN

Legal Aid and Defender Association
Legal Aid of Western Michigan
Legal Services of Eastern Michigan
Legal Services of Northern Michigan
Legal Services of South Central Michigan
Michigan Indian Legal Services

MINNESOTA

Anishinabe Legal Services
Central Minnesota Legal Services
Legal Aid Service of Northeastern Minnesota
Legal Services of Northwest Minnesota Corporation
Southern Minnesota Regional Legal Services

MISSISSIPPI

Mississippi Center for Legal Services
North Mississippi Rural Legal Services

MISSOURI

Legal Aid of Western Missouri
Legal Services of Eastern Missouri
Legal Services of Southern Missouri
Mid-Missouri Legal Services Corporation

MONTANA

Montana Legal Services Association

NEBRASKA

Legal Aid of Nebraska

NEVADA

Nevada Legal Services

NEW HAMPSHIRE

Legal Advice & Referral Center

NEW JERSEY

Central Jersey Legal Services
Essex-Newark Legal Services Project
Legal Services of Northwest Jersey
Northeast New Jersey Legal Services Corporation
Ocean-Monmouth Legal Services
South Jersey Legal Services

NEW MEXICO

New Mexico Legal Aid

NEW YORK

Legal Aid Society of Mid-New York
Legal Aid Society of Northeastern New York
Legal Assistance of Western New York
Legal Services NYC
Legal Services of the Hudson Valley
Nassau/Suffolk Law Services Committee
Neighborhood Legal Services

NORTH CAROLINA

Legal Aid of North Carolina

NORTH DAKOTA

Legal Services of North Dakota

OHIO

Community Legal Aid Services
Legal Aid of Western Ohio
Legal Aid Society of Greater Cincinnati

Ohio State Legal Services
The Legal Aid Society of Cleveland

OKLAHOMA

Legal Aid Services of Oklahoma
Oklahoma Indian Legal Services

OREGON

Legal Aid Services of Oregon

PENNSYLVANIA

Laurel Legal Services
Legal Aid of Southeastern Pennsylvania
MidPenn Legal Services
Neighborhood Legal Services Association
Northwestern Legal Services
North Penn Legal Services
Philadelphia Legal Assistance Center
Southwestern Pennsylvania Legal Services

RHODE ISLAND

Rhode Island Legal Services

SOUTH CAROLINA

South Carolina Legal Services

SOUTH DAKOTA

Dakota Plains Legal Services
East River Legal Services

TENNESSEE

Legal Aid of East Tennessee
Legal Aid Society of Middle Tennessee and the Cumberlands
Memphis Area Legal Services
West Tennessee Legal Services

TEXAS

Legal Aid of NorthWest Texas
Lone Star Legal Aid
Texas RioGrande Legal Aid

UTAH

Utah Legal Services

VERMONT

Legal Services Law Line of Vermont

VIRGINIA

Blue Ridge Legal Services
Central Virginia Legal Aid Society
Legal Aid Society of Eastern Virginia
Legal Services of Northern Virginia
Southwest Virginia Legal Aid Society
Virginia Legal Aid Society

WASHINGTON

Northwest Justice Project

WEST VIRGINIA

Legal Aid of West Virginia

WISCONSIN

Legal Action of Wisconsin
Wisconsin Judicare

WYOMING

Legal Aid of Wyoming

U.S. Territories

GUAM

Guam Legal Services Corporation

MICRONESIA

Micronesian Legal Services

PUERTO RICO

Community Law Office
Puerto Rico Legal Services

VIRGIN ISLANDS

Legal Services of the Virgin Islands

Narrowing the Justice Gap with Technology, Pro Bono

In his Law Day speech, in 1964, at the University of Chicago Law School, Bobby Kennedy, then Attorney General, discussed the rights “the poor have always had in theory” but have been unable to exercise. “Unasserted, unknown, unavailable rights are no rights at all,” he concluded.

Every day lawyers at LSC-funded legal aid programs help low-income Americans exercise a basic right—equal access to justice. Without those efforts, and the work of other legal aid and pro bono lawyers, this core American value would be a mere abstraction for millions of our most vulnerable citizens.

Yet, in the face of growing demand and shrinking resources, far too many Americans are falling into the Justice Gap—the disparity between the legal needs of low-income people and the capacity of our civil justice system to meet those needs. In the wake of the recent recession, the number of people eligible for civil legal assistance is at an all-time high, nearly 21% of Americans. When LSC was founded in 1974, that number was 12%. In 1995, LSC’s appropriation was \$400 million. Today, nearly 20 years later, it stands at \$365 million.

In 2013, LSC and its grantees have worked to try to deal with this gap in a variety of ways.

After concluding its second-ever Technology Summit, LSC released its report, a wide-ranging blueprint for using technology to meet a compelling goal: provide all Americans with some form of effective assistance with their essential civil legal needs.

LSC continued to implement the far-reaching recommendations of its national Pro Bono Task Force. Among those recommendations, LSC asked Congress to fund a Pro Bono Innovation fund to support new pro bono projects across the country (Congress allocated \$2.5 million for such a fund in the FY 2014 budget) and held Private Attorney Involvement rulemaking workshops in Denver and Washington as it began the process of revising this regulation.

LSC also collaborated with the ABA and the Veterans Administration on a pilot program to help reduce the veterans’ benefits claims backlog, and to assist unrepresented veterans in preparing their claims for disability pay. This initiative augments the many other significant projects and web sites our LSC grantees have created to assist our nation’s low-income veterans and their families.

LSC also returned to the White House in April for a second forum on increasing access to justice. Vice President Biden, Attorney General Holder and other

senior administration figures, chief justices of several states, and leaders of the legal profession from across the country took part. The Vice President noted that the focus of the forum was fundamental to our legal system, saying equal access to legal representation is “the single right that makes every other right viable.”

At its quarterly meetings in New Orleans, Denver and Pittsburgh, the LSC Board once again convened similar forums with leaders of the judiciary and legal community from each region.

The New Orleans meeting also featured a panel of disaster response experts and LSC executive directors to discuss the role of legal aid in disaster preparedness and relief.

In Pittsburgh, the Board convened a panel of in-house counsel, legal aid lawyers, and others who discussed innovative private partnerships that LSC grantees are using to promote pro bono service.

At the Denver meeting, the Board heard a panel on the state of civil legal aid in the Mountain West region and inspiring remarks from Colorado’s outstanding U.S. Attorney John Walsh, who described the work of LSC

and its grantees:

“Seven hundred ninety-eight years ago...the Magna Carta established that no man, even a king—or in our constitutional system, a President—is or should be above the law. In a sense, the enterprise that all of you are engaged in is achieving the equal but converse principle—that just as no person should be above the law, no person should be below it.”

LSC has been the institutional embodiment of this ideal since its founding, and, as it marks its 40th anniversary next year, will continue and deepen its commitment to this mission to deliver civil legal aid to low-income Americans who might otherwise fall below the law.



John G. Levi
Chairman, Board of Directors
Legal Services Corporation
July 20, 2014

Pursuing Our Mission Through Collaboration and Innovation

In 2013, LSC and its grantees again faced the challenge of meeting record high demand with diminished resources. Research funded by the Public Welfare and Kresge Foundations revealed another daunting problem—the near invisibility of the need for civil legal aid among the public.

Much of the public, and many members of the legal profession as well, are unaware of the role and importance of legal aid lawyers and the threat posed by the widening justice gap—the disparity between the legal needs of low-income people and the resources available to meet those needs.

LSC partnered with leaders of and beyond the legal community to focus attention on the importance of civil legal aid and to enlist new messengers to convey our shared concerns to the bar, the public, government, and business. Throughout the year, LSC:

- Worked with the Conference of Chief Justices and began working with the National Association of Women Judges to encourage judges to address the access to justice crisis.
- Convened panels of justice and judges to discuss justice gap issues at quarterly board meetings and posted videos of those presentations on our website.
- Worked with the privately funded Voices for Civil Justice communications hub, which is using survey research and communications expertise to expand awareness of the importance of civil legal aid in America.



funding for legal aid using grants by federal agencies that serve clients of legal aid programs.

- We worked with the Public Welfare Foundation to encourage private foundations to support civil legal aid, and provided input into its brochure, *Natural Allies: Philanthropy and Civil Legal Aid*. LSC grantees used this publication successfully to solicit funding from foundations that had not funded legal aid.
- We participated in three Public Welfare Foundation webinars to educate private funders about the connections between legal aid and their areas of focus and to encourage them to fund civil legal aid.
- We hired LSC's first Chief Development Officer, Wendy Rhein, to coordinate an initiative to support new projects with private funding that will build on congressional support and extend the work of civil legal aid providers around the country.

These efforts unfolded against a backdrop of LSC's continued commitment to strong management. In June, Ron Flagg joined us as Vice President for Legal Affairs, General Counsel, and Corporate Secretary. He came from the Washington office of Sidley Austin LLP, where he was a long-time partner and chaired the firm-wide pro bono committee. Ron is past president

of the 100,000 member District of Columbia Bar.

LSC also added staff in the Office of Compliance and Enforcement and the Office of Program Performance and began a business process analysis to increase the efficiency of our operations, to make better use of technology, and to streamline dealings with grantees.

Although all of these efforts are important, they pale in significance to the resilience, creativity, and entrepreneurship of LSC's grantees, who in 2013 provided high quality service to clients despite formidable challenges. It is something we have come to expect, but will never take for granted. Their passion for the mission of providing access to justice truly sustains our efforts.

James J. Sandman
President

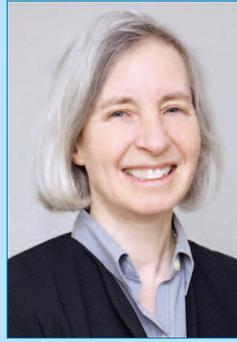
Legal Services Corporation
July 20, 2014

LSC is headed by an 11-member Board of Directors appointed by the President and confirmed by the Senate.



John G. Levi, Chairman

Partner in the Chicago office of Sidley Austin LLP.



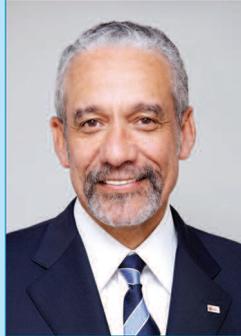
Martha Minow, Vice Chair

Morgan and Helen Chu Dean and Professor at the Harvard Law School.



Sharon L. Browne

Former principal attorney in the Pacific Legal Foundation's Individual Rights Practice group and member of the Foundation's senior management.



Robert J. Grey Jr.

Partner in the Richmond and Washington offices of Hunton & Williams LLP.



Charles N.W. Keckler

Presidential Scholar, George Mason School of Policy, Government, and Int'l Affairs.



Harry J.F. Korrell III

Partner in the Seattle office of Davis Wright Tremaine LLP.



Victor B. Maddox

Partner in the Louisville, Ky., firm of Fultz Maddox Hovious & Dickens PLC.



Laurie Mikva

Assistant Clinical Professor at Northwestern Law School Bluhm Legal Clinic, and Commissioner on the Illinois Court of Claims.



The Rev. Pius Pietrzyk, O.P.

Priest of the Order of Preachers (Dominicans), Province of St. Joseph.



Julie A. Reiskin

Executive Director of the Colorado Cross-Disability Coalition.



Gloria Valencia-Weber

Professor at the University of New Mexico School of Law.

Committees

Audit

Maddox, *Chair*; Korrell; Valencia-Weber; David Hoffman*; Paul Snyder*

Finance

Grey, *Chair*; Browne; Mikva; Minow; Fr. Pius; Robert E. Henley Jr.*; Allan Tanenbaum*

Governance and Performance Review

Minow, *Chair*; Browne; Keckler; Reiskin

Institutional Advancement

Levi, *Chair*; Minow; Grey; Keckler; Fr. Pius; Herbert S. Garten*; Thomas Smegal*; Frank B. Strickland*

Operations and Regulations

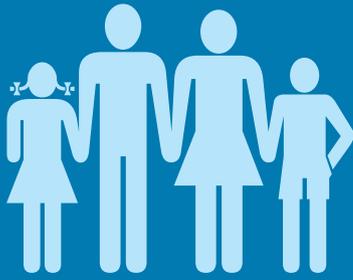
Keckler, *Chair*; Grey; Korrell; Mikva

Delivery of Legal Services

Fr. Pius, *Co-Chair*; Valencia-Weber, *Co-Chair*; Browne; Maddox; Reiskin

(*Non-director member)

2013—By The Numbers

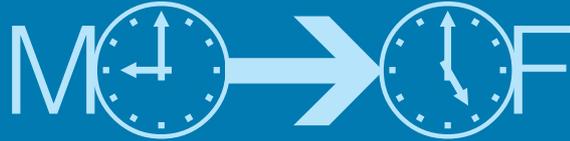


65.5 million

The number of Americans eligible for LSC-funded legal assistance continued at an all-time high.

LSC's
134

grantees employed



8,600

full-time staff at



Cases closed:

758,689

including

79,189

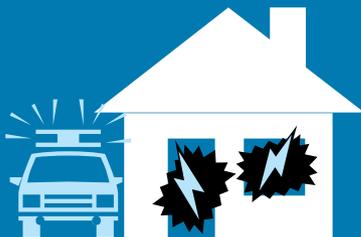
with the involvement of pro bono attorneys.

112,851

clients were at least 60 years old.

540,451

were women.



105,365

of the cases involved domestic violence.



799

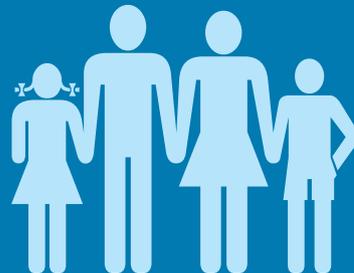
offices throughout the United States and its territories.

4,201

were attorneys,

1,478

were paralegals.



1,833,240

Total number of people in all households served.

Board Meeting Speakers



A number of distinguished speakers addressed Board meeting luncheons. – TOP: (L-R) Colorado Supreme Court Justice Gregory J. Hobbs, Jr.; Mississippi Supreme Court Justice Jess H. Dickinson. **ABOVE:** (L-R) Duquesne University School of Law Dean Ken Gormley; University of Pittsburgh School of Law Dean William M. Carter, Jr.



ABOVE AND RIGHT: Pennsylvania Representative Chaka Fattah and former U.S. Attorney General Dick Thornburgh spoke via live stream at the Pittsburgh reception for the eight Pennsylvania recipients of LSC Pro Bono Service Awards.



New Orleans Board Meeting

MARCOS NAVARRO PHOTOS



ABOVE: (L-R) Larry McDevitt, chair of the ABA Standing Committee on Pro Bono and Public Service; E. Paige Sensenbrenner of Adams & Reese LLP; and John H. Musser, IV, Louisiana State Bar Association president.



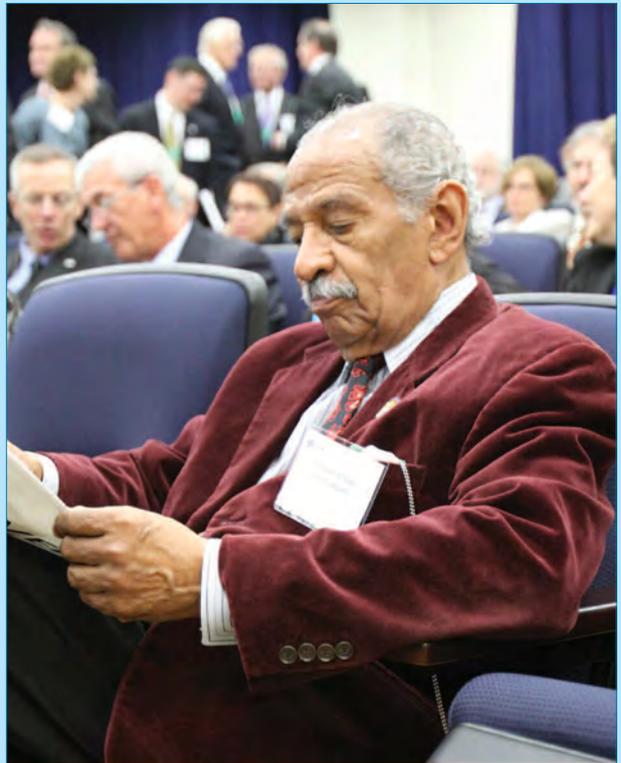
ABOVE LEFT: LSC Board member Harry Korrell. **ABOVE RIGHT:** (L-R) Baton Rouge Bar Association Pro Bono Coordinator Robin Kay, Board member Linda Clark, Hon. Melvin A. Shortess, and Baton Rouge Bar Association Executive Director Ann K. Gregorie. **FAR LEFT:** (L-R) Donna Cuneco, executive director of the Louisiana Bar Foundation and Judge Lora J. Livingston, of the 261st Civil District Court in Austin. **NEAR LEFT:** (L-R) Judge William A. Van Nortwick, Jr. of the Florida First District Court of Appeal; Maria Henderson, Florida Bar Foundation president; and Patricia A. Krebs, Louisiana Bar Foundation president. **BOTTOM:** (L-R) Executive directors David Pantos of Legal Aid of Nebraska, Alma Jones of Legal Services of North Louisiana, and Jon Asher of Colorado Legal Services.



LSC/White House Forum



At the White House Forum on the State of Civil Legal Assistance – LEFT: (L-R) Chief Judge Jonathan Lippman of New York, Chief Justice Wallace Jefferson of Texas, Chief Justice Chase Rogers of Connecticut. RIGHT: (L-R) LSC Board members Father Pius Pietrzyk, O.P. and Victor Maddox.



At the White House Forum on the State of Civil Legal Assistance – TOP LEFT: Rep. Hank Johnson (Ga.). TOP CENTER: (L-R) Rep. Ted Deuch (Fla.); Rep. Bobby Scott (Va.). ABOVE, LEFT: (L-R) Former LSC Board Chairman Frank Strickland and former LSC Board member Herbert S. Garten. RIGHT: Rep. John Conyers (Mich.).



At the White House Forum on the State of Civil Legal Assistance – LEFT: (L-R) LSC Board members Gloria Valencia-Weber and Laurie Mikva. CENTER: (L-R) Public Welfare Foundation President Mary McClymont, Chief Justice Mark E. Recktenwald of Hawaii. RIGHT: (L-R) Executive Director Ramon Arias and Managing Attorney Haydee Alfonso of Bay Area Legal Aid (Calif.).

Denver Board Meeting

MARCOS NABARRO PHOTOS

2013 HIGHLIGHTS PHOTO GALLERY



LEFT: (L-R) New Mexico Supreme Court Chief Justice Petra Jimenez Maes; LSC Board Member Father Pius Pietrzyk, O.P.; Justice E. James Burke, Supreme Court of Wyoming. **RIGHT:** LSC Board member Julie Reiskin.



TOP: U.S. Attorney John Walsh, District of Colorado, who spoke at a Board dinner. *To access full text of speech, go to <http://goo.gl/SIXkAA>.* **ABOVE:** (L-R) Justice E. James Burke, Supreme Court of Wyoming; LSC President Jim Sandman; U.S. Attorney John Walsh, District of Colorado; Jon Asher, Executive Director, Colorado Legal Services; and LSC Board Chairman John Levi.

Pittsburgh Board Meeting



TOP: LSC Board Chairman John Levi. ABOVE, LEFT TO RIGHT: Board members Sharon Browne and Charles Keckler.



LEFT: Pennsylvania Bar Association President Forest Myers. TOP RIGHT: (L-R) Philadelphia Legal Assistance Center Executive Director Anita Santos-Singh and Community Legal Services Executive Director Catherine Carr. ABOVE RIGHT: Ronald Wilson, NLSA Board of Directors, Central Clients Council.

NLADA Conference, Black History Month, & Interns

ELIZABETH A. ARLEDGE PHOTOS



At the NLADA Annual Conference – ABOVE: (L-R) James Gamble, Director, Access to Justice Index Project; Chuck Greenfield, NLADA Chief Counsel, Civil Programs; Jim Sandman, LSC President; and Karen Lash, Senior Counsel, Access to Justice Initiative, U.S. Justice Department take part in a panel discussion on “Relying on Data: New Initiatives to Increase Access to Justice.”



INSET: (L-R) Aaron Young, Kumara Alston, Sparkle Campbell—high school students who received awards for participating in the LSC Black History Month Partnering for the Future Student Challenge. **RIGHT:** Charles Ogletree, the Harvard Law School Jesse Clemency Professor of Law, delivered remarks at LSC’s Black History Month commemoration.



LEFT: (L-R) LSC President Jim Sandman and Board member Robert Grey spoke at the Black History Month commemoration. **RIGHT:** LSC summer interns on a field trip to Capitol Hill: (L-R) DeVon Douglass, Jordan Hogness, Sean Woods, Kevin Grady, Anastasia Kaiser, Charles Kilby, Jamila Bennett (OHR staff person), Claire Jen, Mariah Cesena.



MARCOS NAVARRO (FAR RIGHT)

Expanding Access to Justice through Innovation and Technology

LSC, which has been a leader in the use of technology to expand access to justice and improve the delivery of civil legal aid, broke new ground in this important mission in 2013.

In December, LSC released the report of a national technology summit it convened in collaboration with the National Center for State Courts, the American Bar Association, the National Legal Aid & Defender Association, the New York State Courts, the Self-Represented Litigation Network, and the U.S. Department of Justice's Access to Justice Initiative.

More than 75 representatives of legal aid programs, courts, government, and business, as well as technology experts, academics, and private practitioners, gathered at two sessions of this summit to explore how technology can expand access to justice.

The goal: to explore ways to use technology to provide all low-income Americans some form of effective assistance with essential civil legal needs.

The *"Report of The Summit on the Use of Technology to Expand Access to Justice"* (<http://bit.ly/LSCTechSummitReport>) presents a number of concrete recommendations to meet that goal through an integrated service-delivery system that brings the knowledge and wisdom of legal experts to the public through computers and mobile devices.

The strategy for achieving this includes five components:

- Create unified "legal portals" in each state that direct persons needing legal assistance to the most appropriate form of assistance and guide self-represented litigants through the entire legal process via an automated "triage" process
- Deploy sophisticated but easy-to-use document-assembly applications to support the creation of legal forms and documents by both legal services providers and self-represented litigants
- Take advantage of mobile technologies to reach more persons more effectively
- Apply business process analyses to all access-to-justice processes to make them as efficient as practicable

- Develop "expert systems" and checklists to assist lawyers and other services providers

Six papers written for the technology summit were published in *The Harvard Journal of Law and Technology* (<http://bit.ly/LSCHarvardWP>), and Washington DC news radio station WTOP interviewed LSC President Jim Sandman upon the release of the report (<http://bit.ly/LSCWTOPTech>).

British law professor Richard Moorhead said the report on the summit "is well worth a read" both for the "coherence" of its presentation "and the sense that (with a good deal of work, good will and funding) the strategy is achievable." Richard Zorza, former coordinator of the national Self Represented Litigation Network and a member of the planning group for the summit, called it a "very important report, which has the potential to shape access and collaboration strategy and investments."

Technology Initiative Grants

LSC's Technology Initiative Grant (TIG) program has played a major role in expanding access to justice.

Since its inception in 2000, TIG has funded more than 525 projects totaling more than \$40 million. With these grants, LSC-funded legal services programs have been able to build a foundation for better

service delivery that includes national systems for statewide websites; enhanced capacity for intake and case management systems; and automated forms to support clients, staff, and pro bono efforts.

In 2013, LSC awarded 33 grants to support a variety of initiatives, including tools to guide self-represented individuals through complex legal procedures, online support for pro bono attorneys, and to provide improved access to legal assistance for people in remote areas. Several of the projects implement the recommendations of the Technology Summit Report.

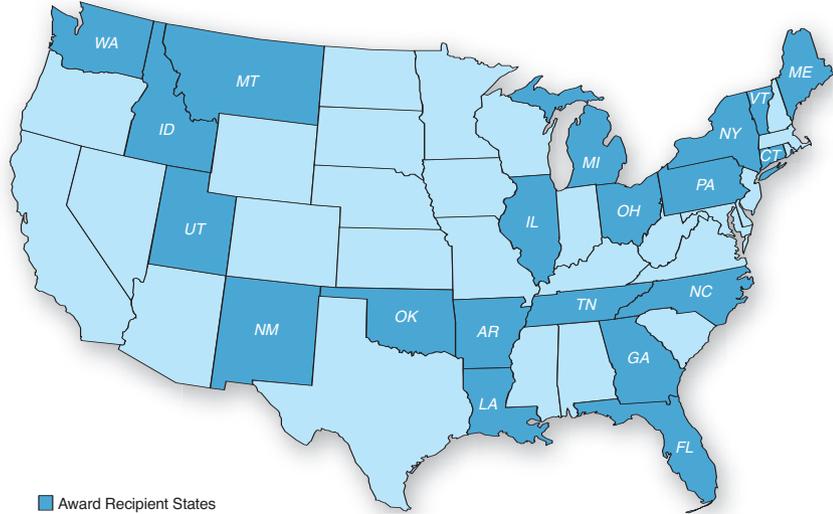


2013 Technology Initiative Grants

\$3,390,152
TOTAL FUNDING

33
PROJECTS

21
STATES & TERRITORIES



TIG Conferences

LSC has hosted an annual technology conference every year since 2000, bringing together LSC grantees and members of the technology community to explore effective uses of technology in legal aid and to cultivate project ideas that could lead to successful TIG applications.

All LSC recipients of Technology Initiative Grants are required to attend this conference. Session topics cover a range of issues, such as how the use of technology can enhance internal legal services operations, improve client service, address access issues, and effectively provide legal information to low-income people. Sessions also cover management of TIG projects, including reporting and evaluation requirements.

More than 170 people gathered in Jacksonville, Fla., in January for the 2013 TIG Conference.

“Measuring the Networked Nonprofit” author Beth Kanter challenged participants at the opening plenary to embrace the work of collecting, making sense of, and—“where the real magic



Beth Kanter

happens”—applying data to improve programs and get results. That theme was echoed at a later session on Using Data to Improve Program Performance.

Data was one of several conference topics. Sessions highlighted innovations in case management systems; new developments in web-based legal resources (including using video to reach clients); and use of technology to enhance internal legal services operations, encourage pro bono, and address persons with limited English proficiency.

In a luncheon speech, LSC President Sandman told the participants that they are key to the future of legal services. “Technology is at the epicenter of innovation



in legal services today,” he said. “I think you are the people who can help us demonstrate that this is an area where legal services can lead. My goal is to have the rest of the legal profession asking the question, ‘How are they doing it in legal services?’ and looking to us for the example we set and the leadership we show.”

To access TIG Conference materials and session videos, go to <http://bit.ly/LSC-TIGCon13>

MARCOS NAVARRO

COURTESY OF BETH KANTER

2013 TIG Grants (Total Funding Awarded = \$3,390,152)		
State	Award Amount	Project Description
Arkansas	\$63,580	Develop a statewide online intake system that allows users to apply for services quickly and easily. Integrate the intake and case management systems. Develop an online legal assistance system for medical-legal partnerships that includes a needs assessment tool and personalized self-help information.
Connecticut	\$33,702	Create online training videos for pro bono attorneys participating in Call4Law, a statewide program that matches prescreened clients with pro bono attorneys who provide consultations by telephone.
Florida	\$122,017	Develop an online intake system that will be available in English, Spanish, and Haitian Creole. In partnership with Florida public libraries, create library-focused legal aid Web portals. Provide a webinar series to keep library staff up to date on free legal information and resources available through FloridaLawHelp.org.
Georgia	\$90,832	In partnership with the National Disability Rights Network, develop a national website that will increase awareness of the rights of persons with disabilities to receive services in their communities, help people with disabilities find legal assistance and other services, and provide training and support for attorneys representing low-income clients with disabilities.
Idaho	\$693,094	Enhance A2J Author, a software program used to develop document assembly forms, and expand law school cyber clinics to increase the number of A2J developers. Enhance WriteClearly Everywhere, a national initiative focused on ensuring that online tools created by legal services organizations utilize plain language to communicate information to users effectively. Upgrade Drupal template. Integrate Idaho's statewide case management system with LawHelp Interactive, a national document assembly service.
Illinois	\$76,300	Develop a secure, enterprise-level information management system using Microsoft SharePoint to improve document management through integration of systems and robust search.
Louisiana	\$78,490	Develop online interactive training resources for new staff, law students, and pro bono attorneys. Develop a statewide online intake system that is integrated with the program's case management system.
Maine	\$121,991	Develop a sophisticated online "triage" assessment and intake system that will use search terms and information submitted by users to identify and quickly connect them to the services and/or self-help tools most likely to help them.
Michigan	\$101,600	Expand the number of automated documents and Web-based interviews available on MichiganLegalHelp.org. Conduct an in-depth evaluation of the effectiveness of the website and its affiliated self-help centers.
Micronesia	\$90,800	Expand internal capacity to communicate among the program's eight offices. Enhance the overall technology infrastructure for serving the remote island communities.
Montana	\$89,514	Develop an online child support calculator to help parents complete the proper documentation and child support calculation in accordance with the Montana Child Support Guidelines. Develop a "triage" tool and accompanying guide to help intake staff more effectively route cases and provide legal information specific to client needs. Develop online guides for users seeking legal information and resources.

(continued)

2013 TIG Grants (Total Funding Awarded = \$3,390,152) <i>continued</i>		
State	Award Amount	Project Description
New Mexico	\$290,180	Build a statewide, online “triage” system that will guide users through a series of questions, and then generate a customized response that includes connecting users with the organization(s) and/or resources most likely to help them. Develop a secure online “pro bono portal” that allows attorneys to assist clients remotely in a virtual law office environment.
New York	\$47,736	Add plain language guides to the program’s website and New York’s statewide legal website, LawHelpNY.org. Materials will be available in both English and Spanish and will be promoted through a webinar series targeting libraries and nonprofits throughout the region.
North Carolina	\$58,570	Expand services to rural areas and pro bono attorneys throughout the state by adopting a cloud-based videoconferencing system to connect the program’s twenty-two offices into one integrated system.
Ohio	\$649,270	Continue to enhance LawHelp Interactive, a national resource that provides high-quality document assembly forms to both legal aid advocates and pro se litigants. In 2012, LawHelp Interactive was used to complete nearly 400,000 documents.
Oklahoma	\$72,609	Develop a technology-facilitated pro bono model to increase the involvement of volunteer lawyers. Clients can utilize online guides and an automated interview to create court forms that are reviewed by pro bono attorneys.
Pennsylvania	\$71,250	Develop an automated “Divorce Tracker” tool that will guide self-represented litigants and pro bono attorneys through simple divorce cases. Develop an online intake system that will be integrated with the case management system. Develop an analytical tool to assist staff in making eligibility determinations.
Tennessee	\$107,867	Create a series of videos in English and Spanish, and captioned for the hearing impaired, that provide on-demand guidance regarding common civil legal matters. Adopt Microsoft Lync Server to facilitate Web meetings, instant messaging, and videoconferencing to improve communications between clients and their attorneys, and program staff.
Utah	\$33,950	Develop a system that enables attorneys to remotely access client case management information, pleadings and other court documents. Create an automated process to obtain electronic signatures so that intake screening is possible at any location.
Vermont	\$36,800	Develop an online intake system that will allow users to apply for services quickly and easily. Integrate the intake and case management systems.
Washington	\$460,000	Continue to enhance the Legal Services National Technology Assistance Project (NTAP), which supports and maintains a core collection of technology services and resources, provides one-on-one support and guidance to LSC-funded programs on a broad range of legal technologies, and helps programs effectively replicate successful TIG initiatives. Create a “Texting for Outcomes” system to gather information on the outcomes of limited-assistance legal hotline cases. Integrate mobile text information into the case management system. Upgrade the program’s call center.
TOTAL	\$3,390,152	

Defining the Mission, Spreading the Word at White House, Judicial Forums

In 2013, LSC continued to use its convening power to promote a national dialogue to better educate the country on the gravity of the crisis in civil legal assistance.

This effort began at a forum LSC co-hosted with the White House in April of 2012 in conjunction with the spring Board meeting.

After holding similar forums at Board meetings across the country, LSC returned to the White House in April of 2013 for further discussion of how to expand access to justice through increased pro bono, technological innovation, and other means.

This second White House forum featured Vice President Joe Biden, Attorney General Eric Holder Jr. and other senior administration figures, chief justices of several states, and leaders of the legal profession from across the country.

Biden, who was introduced by White House Senior Advisor Valerie Jarrett, argued that equal access to legal representation is “the single right that makes every other right viable.”

LSC Board Chairman John G. Levi struck a similar chord in his opening remarks. “It is not enough to have

a system of laws if millions of our citizens do not have access, or believe they do not have access, to that system,” he said.



Vice President Biden



Attorney General Holder

Holder highlighted his department’s work in support of equal justice, including the Access to Justice Initiative, a new office he launched three years ago “to help spearhead national efforts to ensure that basic legal services are available, affordable and accessible for everyone in this country—regardless of status or income.”

The forum also featured two panels.

The first, moderated by Harvard Law School Dean and LSC Vice Chair Martha Minow, focused on pro bono.

The second panel, moderated by LSC President James J. Sandman, focused on innovative uses of technology to better assist self-represented litigants, legal aid lawyers, and pro bono volunteers.

Similar forums were held in 2013 in conjunction with other Board meetings around the country.



To watch online video of the pro bono panel, go to <http://goo.gl/mKDsDc>



To watch online video of the technology panel, go to <http://goo.gl/Njwwk8>

Top Left: Pro Bono Panel (L-R) ABA President Laurel Bellows; LSC Board member Robert Grey, Jr.; Senior Attorney Heather Hodges, Neighborhood Legal Services Program of DC; Chief Judge Jonathan Lippman of New York; LSC Board Vice Chair Martha Minow; Sheila Hubbard, Executive Director, Volunteer Lawyers Project, Boston Bar Association; Chief Justice Chase Rogers of Connecticut; Chief Justice Wallace Jefferson of Texas; Laura Klein, Justice Department.

Left: Technology Panel (L-R) Deputy Chief Administrative Judge for New York City Courts Fern Fisher, Center for Computer-Assisted Legal Instruction Executive Director John Mayer, Illinois Legal Aid Online Executive Director Lisa Colpoys, LSC President Jim Sandman, Pine Tree Legal Assistance Executive Director Nan Heald, LSC Program Counsel Glenn Rawdon, Bay Area Legal Managing Attorney Haydee Alfonso.

In January, justices, judges, and a panel of disaster experts addressed the LSC Board at the Louisiana Supreme Court building in New Orleans. Louisiana Supreme Court Chief Justice-Elect Bernette Joshua Johnson, Judge Madeleine M. Landrieu of the Louisiana State Court of Appeals Fourth Circuit, and LSC Board Chairman John G. Levi made opening remarks.



Panelists discussing "The Importance of Access to Justice to the Judiciary" were: (L-R) Marc Theriault, General Counsel of the Kentucky Court of Justice; Judge William A. Van Nortwick, Jr. of the Florida First District Court of Appeal; Justice Jess H. Dickinson of the

Mississippi Supreme Court; LSC Board Vice Chair Martha Minow (moderator); Justice Michael Bolin of the Alabama Supreme Court; Justice Nathan L. Hecht, of the Texas Supreme Court; and Judge Landrieu.

The forum also featured a panel on the role of legal aid in disaster preparedness and relief. Panelists included: (L-R) Raun Rasmussen, executive director of Legal

Services NYC; Paul E. Furrh, Jr., executive director of Lone Star Legal Aid; Martha Bergmark, founding president and CEO of the Mississippi Center for Justice; LSC



President Jim Sandman (moderator); Ranie T. Thompson, managing attorney for Southeast Louisiana Legal Services; Brad J. Kieserman, general counsel for the Federal Emergency Management Agency; Marta Schnabel, president of the Louisiana Civil Justice Center and O'Bryon & Schnabel shareholder; and Robert Horowitz, director of the American Bar Association Special Committee on Disaster Response and Preparedness.

In July, the LSC Board convened a forum in the Colorado Supreme Court courtroom of the Ralph L. Carr Judicial Center in Denver featuring a panel of six justices and judges who discussed the importance of access to justice.



The panelists were: (L-R) Judge William J. Martinez of the U.S. District Court for the District of Colorado; Nebraska Supreme Court Chief Justice Michael G. Heavican; New Mexico Supreme Court Chief Justice Petra Jimenez Maes; LSC Board mem-

ber Robert J. Grey, Jr. (moderator); Colorado Chief Justice Michael L. Bender; Utah Supreme Court Justice Christine M. Durham; Wyoming Supreme Court Justice E. James Burke.

The forum also featured a panel discussion of the state of civil legal aid in the Mountain West region. The panelists, all executive directors of LSC grantees, were: (L-R) Ed Marks of New Mexico Legal Aid; Anne Milne of Utah Legal Services; Jon Asher of Colorado Legal Services; LSC President Jim Sandman (moderator); Colline Wahkinney-Keely of Oklahoma Indian Legal Services; Jim Cook of Idaho Legal Aid Services.



In October, leading jurists from three states gathered in the Pennsylvania Supreme Court's Pittsburgh

courtroom for a panel discussion on the importance of access to justice. The discussion featured: (L-R)



Magistrate Judge Maureen P. Kelly of the U.S. District Court for the Western District of Pennsylvania, Chief Justice Brent D. Benjamin of the Supreme Court of Appeals of West Virginia, LSC Board Vice Chair Martha Minow (moderator), Chief Justice Ronald D. Castille of the Pennsylvania Supreme Court, Chief Judge Ben C. Clyburn of the District Court of Maryland.

A second panel discussion featured in-house counsel, legal aid lawyers, and others describing innovative private partnerships that LSC grantees are using to promote pro bono service.

This panel discussion included: (L-R) Dottie Alke, vice president and senior counsel, CBS Corporation; Robert V.

Racunas, executive director, Neighborhood Legal Services Association (Pittsburgh); Kathryn M. Kenyon of Pietragallo Gordon Alfano Bosick & Raspanti, LLP, and chair of the Pittsburgh Pro Bono Partnership; Barbara Griffin, pro bono coordinator, Allegheny County Bar Foundation; LSC President Jim Sandman (moderator);



Lee Richardson, executive director, Legal Aid of Arkansas; Lori A. Chumbler, associate general counsel, legal administration & external relations, Walmart; John G. Finneran, Jr., general counsel and corporate secretary, Capital One; and Stephen Dickinson, executive director, Central Virginia Legal Aid Society.

Expanding Our Reach By Promoting Pro Bono

LSC has long championed pro bono service and its grantees have routinely partnered with the private bar.

MARCOS NAVARRO PHOTOS

All LSC-funded programs are required to spend an amount equal to 12.5% of their grant to involve private attorneys in the delivery of civil legal assistance to eligible clients. In 2013, private lawyers closed 79,189 pro bono cases, 10.4% of all cases closed by LSC grantees.

During 2013, LSC moved to expand pro bono service by implementing the recommendations of the Board's Pro Bono Task Force, which issued a report in 2012.

Link to the report: <http://bit.ly/LSC-ProBonoReport>.

Chaired by Board members Robert Grey and Victor Maddox, the Pro Bono Implementation Steering Committee took a number of important steps, including:

- Asking Congress to fund a Pro Bono Innovation Fund to support new and innovative projects that promote pro bono initiatives throughout the country (\$2.5 million was allocated in the FY 2014 budget)
- Beginning the process of revising LSC's Private Attorney Involvement (PAI) Regulation and holding PAI rulemaking workshops in Denver and Washington
- Initiating a new information clearinghouse as a source of coordination and technical assistance regarding pro bono
- Developing a new pro bono toolkit web page
- Revising PAI Plan descriptions for LSC grant applications
- Compiling a state-by-state inventory of rules that may foster and promote pro bono participation
- Initiating a campaign, in conjunction with LSC's 40th Anniversary in 2014, to raise private funds to help LSC launch several fellowship programs, including a one-year program for senior or emeritus attorneys to support pro bono programs in LSC grantees.

The LSC Board of Directors also continued its tradition of recognizing exemplary pro bono work done with clients of LSC-funded legal aid programs by awarding LSC Pro Bono Service awards at its three quarterly Board meetings outside Washington, D.C.

In 2013, lawyers in Louisiana, Colorado, and Pennsylvania were recognized.

NEW ORLEANS



LSC President Jim Sandman (far left) and Board Chairman John Levi (far right), with Pro Bono Award recipients: (L-R) Robert Owsley; Mark Suprenant; Hon. Melvin A Shortess; Alma Jones (who accepted on behalf of Anu Kakonen); Laborde & Neuner attorneys Frank Neuner, Jr., Will Montz, Jeff Corell, and Cliff LaCour; and Winfield E. Little, Jr.

DENVER



LEFT TO RIGHT: LSC Board Chairman John Levi; Pro Bono Award recipients Christina Ebner, Gina Weitzenkorn, Donald E. Campbell, Jeffrey T. Johnson for Holland & Hart LLP; and LSC President Jim Sandman. *Not pictured: Ronald Stowell.*

PITTSBURGH



LEFT TO RIGHT: LSC Board Chair John Levi; pro bono award recipients Mary Bates, Ronald Bolig, Joseph Sullivan, Katie Kenyon (for Pittsburgh Pro Bono Partnership); LSC President Jim Sandman; pro bono award recipients James DeAngelo; Pamela Shipman (for Rieders, Travis, Humphrey, Harris, Waters & Waffenschmidt); PBA President Forest Myers; pro bono award recipient Bruce Tobin (for Westmoreland Bar Foundation). *Not pictured: Gregory Heidt.*

Boosting Oversight, Improving Management

LSC remains committed to prudent management and rigorous oversight to ensure that funds are efficiently spent and grantees are effective in the delivery of civil legal services.

Throughout the year, management continued implementing the LSC data project, an initiative funded by The Public Welfare Foundation to improve LSC's data collection and reporting and to educate grantees about their own collection and use of data. The project relates to the first goal of LSC's strategic plan—to maximize the availability, quality, and effectiveness of LSC-funded legal aid programs.

LSC President James J. Sandman and two consultants discussed the project during a standing-room-only panel discussion at the annual conference of the National Legal Aid and Defender Association (NLADA) in Los Angeles on November 7. Their presentation included a summary of the results of LSC's recent survey of grantees about their collection and use of data.

View the Data Project: <http://bit.ly/LSC-Data-Project>

Bolstering Oversight

In 2013, LSC launched or extended a number of important oversight initiatives, added staff in the Office of Compliance and Enforcement (OCE) and the Office of Program Performance (OPP), and increased the number of grantee visits to improve service delivery to clients and enhance compliance with good fiscal practice and regulatory and statutory requirements.

LSC also enhanced its internal operations by revising policies on ethics, conflicts of interest, and whistleblowing; improving communication and reporting among internal offices; and establishing staff and management training programs.

Oversight initiatives:

- The role of Fiscal Compliance Specialists in the grant competition process was expanded. These Specialists now make recommendations regarding whether an applicant should receive funding and, if so, for how long and whether special grant conditions should be imposed on that funding. In advance of the 2014 application cycle, all Fiscal Compliance Specialists were involved in drafting new fiscal questions to be included in the grant application as well as in developing standard scoring criteria to be used in assessing each

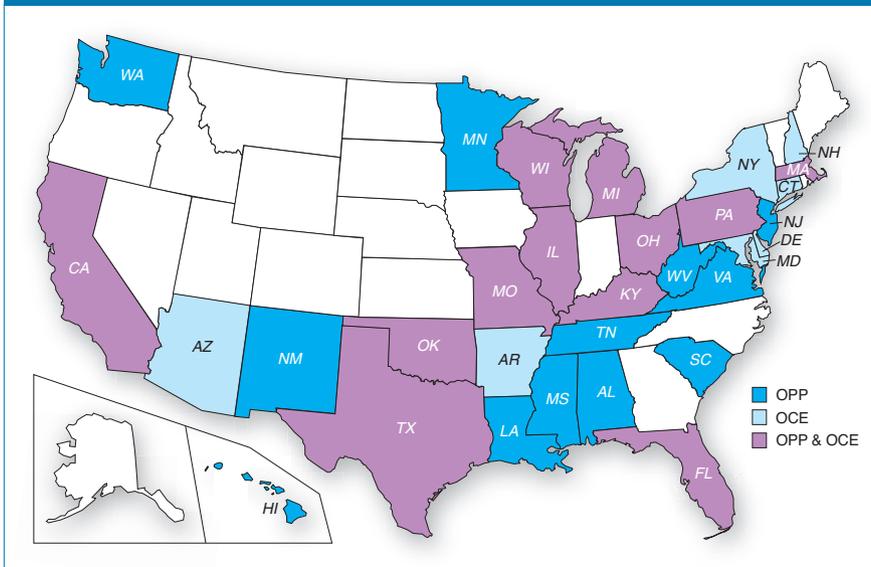
application from a fiscal perspective.

- OPP initiated a new tracking system as part of the application evaluation process to gauge grantee implementation of prior program quality visit recommendations. This system allows LSC to better evaluate the programmatic strength of grant applicants.
- OCE began including review of Technology Initiative Grants (TIG) as part of all standard on-site compliance reviews. After spending several months developing a training program and a protocol for reviewing TIGs, this initiative was launched in late February 2013. For all full compliance reviews scheduled since that time, if the program had a TIG grant that was active during the five-year period prior to the review date, the review team interviewed staff and reviewed documents to determine whether the recipient's use of the funds complied with the LSC Act, regulations, and TIG Grant Assurances, as well as other guidance—such as the Accounting Guide for LSC Recipients.
- OCE made compliance-related presentations at the January 2013 TIG Conference and the November 2013 Conference of the National Legal Aid & Defender Association.
- OCE increased the number of Executive Director Orientation webinars in 2013 to introduce new executive directors to important compliance, data, and fiscal requirements. Two webinars were conducted in 2012; eight were conducted in 2013.

OPP and OCE Visits

OPP has primary responsibility for administering the competitive grants application and awards process, sharing best practices for providing high quality civil legal services, and promoting innovative uses of technology by grantees. In 2013, OPP conducted 38 onsite visits—20 program quality visits, 18 program engagement visits, and one capability assessment—in Alabama, California, Florida, Guam, Hawaii, Illinois, Kentucky, Louisiana, Massachusetts, Michigan, Micronesia, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia,

2013 LSC Program Visits



ance oversight visits, one training visit, one capability assessment, and one limited fiscal investigation—in Arizona, Arkansas, California, Connecticut, Delaware, Florida, Illinois, Kentucky, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New York, Ohio, Oklahoma, Pennsylvania, Texas, and Wisconsin.

In addition, OCE conducted web-based trainings for 10 programs—in Connecticut, Hawaii, Massachusetts, Minnesota, Missouri, New Jersey, New

Washington, West Virginia, and Wisconsin.

LSC’s Office of Compliance and Enforcement has primary responsibility for monitoring grantee compliance with the LSC Act, regulations, and funding restrictions. OCE also enforces LSC’s Accounting Guide; conducts oversight reviews regarding compliance with the LSC Act and other LSC guidance, including fiscal-related regulations; initiates questioned-cost proceedings; identifies required corrective actions and necessary follow-ups; and provides technical assistance and training to grantees.

In 2013, OCE conducted 26 onsite visits—23 compli-

Mexico, Puerto Rico, Texas, and Virginia.

Questioned-cost proceedings were completed for four grantees in 2013.

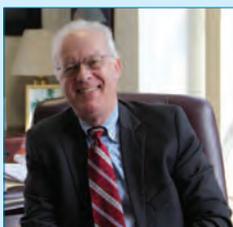
Update on GAO Recommendations

LSC has made significant progress in implementing the recommendations of the Government Accountability Office’s (GAO) 2010 report on LSC’s Grant Awards and Grantee Program Effectiveness. By the end of 2013, the GAO had closed 12 of its 17 recommendations and was poised to close the remaining open recommendations in 2014.

Ronald Flagg Named VP for Legal Affairs

Ronald Flagg was appointed LSC Vice President for Legal Affairs, General Counsel, and Corporate Secretary in June. He came to LSC from the Washington office of Sidley Austin LLP, where he practiced commercial and administrative litigation for 31 years, 27 years as a partner. Flagg chaired Sidley Austin’s Committee on Pro Bono and Public Interest Law for more than a decade.

In addition to his work at Sidley, Flagg has been a leader in pro bono community service and professional activities, including service as president of the 100,000-member District of Columbia Bar, chair of the District of Columbia Bar Pro Bono Committee, chair of the Governing Board of the AARP Legal Counsel for the Elderly, and member of the board of the Washington Lawyers’ Committee for Civil Rights and Urban Affairs and LSC’s Pro Bono Task Force. He chairs the board of the National Veterans Legal Services Program.



“I can think of no one who could better fill this role than Ron Flagg,” said LSC Board Chairman John G. Levi, who is a partner in Sidley Austin’s Chicago office. “While handling a very successful law practice, he has devoted himself to pro bono service to the needy, veterans, the elderly, to DC’s Public School students, and many others. LSC is so tremendously fortunate to have Ron assume these responsibilities.”

LSC President Jim Sandman concurred, saying “Ron is both a lawyer’s lawyer and a leader. Landing him is a coup for LSC. His experience in practice, in legal services organizations, in pro bono, and in the bar will make him a tremendous asset to our executive team.”

Flagg is a graduate of the University of Chicago and Harvard Law School. He has represented clients before the U.S. Supreme Court, U.S. Courts of Appeals and District Courts, the Securities Exchange Commission, the Federal Communications Commission, the Federal Energy Regulatory Commission, and the Surface Transportation Board.

Helping the Most Vulnerable, Providing Critical Constituent Services in Every Congressional District

LSC grantees help individuals who live in households with annual incomes at or below 125% of the federal poverty guidelines—in 2013, \$14,363 for an individual, and \$29,438 for a family of four. Clients span every demographic and live in rural, suburban, and urban areas. They include the working poor, veterans and military families, homeowners and renters, families with children, farmers, the disabled, and the elderly.

Unfortunately, millions of Americans cannot access the justice system because they cannot afford to do so. As the number of people living in poverty continued at an all-time high in 2013, many constituents sought legal services for the first time. Some faced homelessness because of a wrongful eviction or foreclosure. Others sought protection from an abusive spouse, or fought for custody of an abused or orphaned child. Iraq or Afghanistan war veterans returned home to economic strain and legal problems. Elderly citizens fell victim to fraud and lost their life savings.

LSC grantees helped many of these low-income Americans with a wide variety of legal challenges.

Family Law: LSC grantees helped parents obtain or keep custody of their children, family members secure guardianship of orphaned and abused children, and victims of domestic violence get protective orders. More than one-third of all cases closed by LSC grantees were family law cases.

Housing and Foreclosure Cases: The second largest category of cases closed included efforts to resolve landlord-tenant disputes, avoid wrongful foreclosures or renegotiate mortgages, and assist renters whose landlords were being foreclosed upon.

Consumer Issues: Many cases involved protecting the elderly and other vulnerable individuals from being victimized by unscrupulous lenders or merchants and providing legal advice about consumer rights as well as debt management and mitigation.

Income Maintenance: LSC grantees also helped clients obtain veterans, unemployment, disability, and healthcare benefits for which they were eligible and provided representation in cases when benefits were wrongfully denied.

Disaster Response: LSC grantees continued to help victims of Hurricane Sandy and other disasters,

calling upon a network of legal services and other organizations.

Helping Families Stay in Homes

Almost all LSC grantees handle foreclosure cases, and many have established specialized foreclosure units. LSC grantees closed 20,357 cases in 2013.

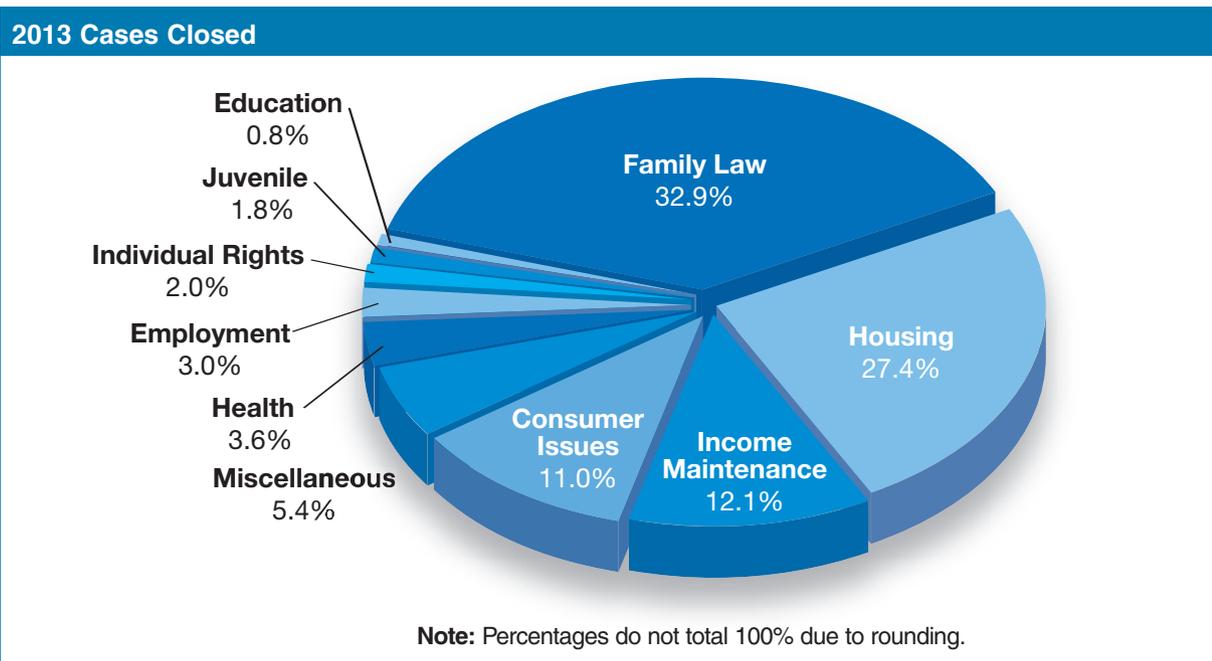
LSC grantees also helped renters stay in their residences, closing 116,453 landlord-tenant cases in 2013, many of them involving evictions.

Many homeowners facing foreclosure have legitimate legal defenses that require the skills of an experienced attorney. Low-income Americans look to legal aid attorneys to advocate on their behalf in these cases. LSC grantees also help homeowners trying to save their homes through loan modifications. LSC grantees have partnered with experienced pro bono attorneys and statewide groups to ensure that low-income homeowners are treated fairly during the foreclosure process.

Legal aid attorneys help clients renegotiate predatory loans, litigate claims to protect homeowners from unscrupulous lenders, and help tenants when a landlord's property is in foreclosure.

Client Story

For nine months, Wisconsin resident Shatara Jackson was enrolled in the Section 8 Housing Choice Voucher Program administered through the Housing Authority of Racine County. Things were going well for her and her four-year-old daughter, so she was shocked when she received a letter stating that her housing assistance had been terminated and that she owed money for past rent. Jackson had failed to inform authorities within a 14-day period that she had



been receiving unemployment benefits. She was not aware of this deadline and was not told about it by the case worker. She sought help from LSC grantee Legal Action of Wisconsin, which began what became a very long process to reinstate her housing assistance and clear her name. Jackson's Legal Action attorney eventually prevailed on Jackson's appeal and was able to restore her housing benefits. The court found HARC's decisions to be arbitrary and illegal according to federal regulations.



VIDEO: How another LSC-funded program helped a New York woman stay in the apartment she had lived in her whole life: <https://vimeo.com/80908143>

Protecting Victims of Domestic Violence

Family law cases represent approximately one-third of the cases closed by LSC-funded grantees each year, and the legal services provided to victims of domestic violence are among the most important. Studies show that domestic violence occurs more frequently in households facing economic stress. Victims of domestic violence often require assistance with several domestic relations matters simultaneously, including protective orders, child custody and support, and divorce.

LSC grantees are on the front lines with law enforcement authorities in protecting those facing family violence and abuse. In 2013, LSC grantees closed more than 105,000 domestic violence cases.

Client Story

A woman suffering from severe mental health problems as a result of years of abuse came to the Legal Aid Society of Mid-New York, an LSC grantee, for help. Previously, the client did not feel comfortable coming forward about the abuse, but with the help of Legal Aid, she was able to discuss it with her doctor and begin receiving crime victim's counseling for herself and her daughter. The staff attorney also successfully avoided a workfare sanction by the local Department of Social Services, and won a Supplemental Security Income appeal. The client was awarded more than \$40,000 in retroactive SSI benefits, allowing her to finally have her own home and provide a college education for her child.



VIDEO: Another domestic violence victim talks about how legal aid changed her life: <http://youtu.be/UTHL8Jj0uYU>

Assisting Veterans and Military Families

As the number of people in poverty has risen, the percentage of veterans in poverty has increased significantly—from 5.7% in 2007 to 7.2% in 2012, according to the U.S. Census Bureau. Poverty rates are highest for younger veterans: 12.8% of veterans between 18 and 24 years old are in poverty. Veterans comprise 12% of the homeless adult population, and 9.9% of Gulf War-era veterans were unemployed in 2012, compared to 7.9% of non-veterans.

Many veterans who served in combat zones in Iraq and Afghanistan came home to legal problems that LSC grantees handle regularly, such as child custody disputes, evictions, and denials of earned benefits. A growing number of grantees partnered with veterans' organizations, advocates, and other service providers to do outreach and expand legal services to veterans.

LSC also collaborated with the ABA and VA in beginning development of the Veterans Claims Assistance Network, which will provide lawyers at no cost to vets with disability claims backlogged at least 125 days and who have no representation.

LSC also continued its support of www.StatesideLegal.org, a national web-based resource developed by Pine Tree Legal Assistance in Maine with a Technology Initiative Grant. StatesideLegal.org is a free resource for low-income individuals with a military connection, including veterans, current members of the military, and their families. The website provides information on disability benefits, employment matters, and legal protections for service members facing foreclosure proceedings. In 2013, the website had nearly 227,000 unique visitors. Frequently accessed resources in 2013 included:

- Interactive "Find Help" Map, (38,381 page views)
- How to File a VA Disability Claim (step-by-step guide) (22,843 views)
- Veterans Benefits and Child Support (20,658 views)
- Unemployment Compensation for ex-Service members (12,342 views)
- Appealing Denials of Veterans Benefits (interactive automated form)

Client Story

Roger is a 50-year-old Navy veteran who served from 1973 to 1986. He sought help from Pine Tree Legal Assistance, an LSC grantee, regarding a guardianship matter with his children. His partner's sister had filed a legal guardianship petition in Massachusetts seeking permanent custody of both children. He was not served with the guardianship petition and had no idea what it alleged. Through the assistance of a private



volunteer lawyer at Pine Tree's Volunteer Lawyers Project, the case was dismissed on jurisdictional grounds. Later, when it became apparent that the children's mother was no longer able to care for the children, Roger sought help from Pine Tree again. With the assistance of program counsel, he was able to secure primary parental rights to move into a larger apartment with increased Veterans Affairs Supportive Housing (VASH) vouchers, and obtain primary responsibility for the children's Social Security dependent benefits. Roger was very grateful and inspired to "pay it forward." He is now working with a pro bono attorney to form a nonprofit to help homeless veterans obtain basic necessities.



VIDEO: See how another LSC grantee helped a veteran who had been struggling for more than 40 years: <http://youtu.be/61AubMKKI7c>

Providing Legal Services to the Elderly and Individuals with Disabilities

LSC grantees provide the elderly and people with disabilities with legal representation, information,

counseling, and education in civil legal matters. Nationwide, clients who are 60 years old and over represent 14% of the clients served annually.

Client Story

Well into her nineties, Mammie gave her grandson Power of Attorney and authorized him to receive her Social Security checks and pay her bills. The grandson failed to pay the rent and convinced Mamie that the landlord was lying when he alerted her to the problem. After several months without payment, the landlord sued Mamie, changed the locks on her apartment, and attempted to evict her, warning that she would never again find “a place to live on this earth.” When the constable came to sell her furniture, Mamie contacted LSC-grantee Neighborhood Legal Services Association (NLSA) in Pittsburgh. Since Mamie’s grandson had left her destitute, NLSA was able to stop the sale of her possessions and file for bankruptcy on her behalf, which qualified Mamie for subsidized housing. Mamie now lives in a one-bedroom apartment with all of her furnishings intact.



VIDEO: Mamie tells her story:
<http://youtu.be/LC-Fc-RvTbs>

Helping Survivors of Natural Disasters

In the eight years since Hurricane Katrina, LSC has developed expertise in disaster response and built a network of legal services and other organizations to help its grantees better serve clients when disaster strikes.

Just a few days after Hurricane Sandy struck in 2012, legal aid programs in the hardest-hit areas of New York and New Jersey began providing assistance to survivors via telephone hotlines, FEMA Disaster Recovery Centers, neighborhood-based legal clinics, and community legal education presentations, with both online and printed information. With tens of thousands of homes destroyed by Hurricane Sandy, LSC grantees reported that clients needed legal help with a

wide range of storm-related housing issues, including improper evictions, denial of insurance claims or inadequate reimbursement by insurance companies, delays in critical repairs, and home repair scams. In addition to direct service, legal aid lawyers recruited and trained pro bono attorneys and participated in long-term community recovery groups.

Congress appropriated \$1 million to LSC in the Disaster Relief Appropriations Act of 2013 to provide storm-related legal assistance to low-income Hurricane Sandy survivors. (Sequestration reduced the appropriation to \$950,000.) In October 2013, LSC awarded grants to four legal aid organizations in New York and New Jersey to provide mobile resources, technology, pro bono assistance, and other services to help victims of Hurricane Sandy address civil legal issues resulting from the storm.

Client Story

Disabled and mobility-impaired residents of a five-story apartment building in Coney Island were effectively stranded in their apartments for months after Hurricane Sandy when their landlord failed to repair an elevator damaged by the storm. One second-floor tenant, a stroke victim, had to use a wheelchair to get around. His wife, a cancer patient, had to maneuver him up and down the stairs to go to the doctor. With the assistance of a legal aid lawyer from LSC grantee Legal Services NYC, the elevator service was restored to the building in May 2013, benefitting more than 108 residents.



VIDEO: For more on what LSC grantees are doing in response to Hurricane Sandy:
<http://youtu.be/QpC0F0ZThI4>

Continuous Improvement

The Office of Inspector General (OIG) was established under the federal Inspector General Act as an independent office within LSC. It has the dual mission of preventing and detecting fraud and abuse and of promoting economy, efficiency and effectiveness in LSC's programs and operations. I believe this is a role that is especially vital in the legal services arena, where the resource needs are so critical and the consequences so important for the clients of LSC-funded programs.

I am pleased to report that throughout FY 2013 we continued to make substantial contributions to protecting and improving the programs of LSC and its grant recipients. Some highlights include:

- Overseeing the annual audit process for all 134 of LSC's grantees.
- Related thereto, completing the third year of a comprehensive quality control program for grantee audits (111 quality control reviews completed; all Independent Public Accountant [IPA] firms are subject to special review on at least a four-year cycle).
- Initiating a debarment action (a first under LSC regulations) against an IPA whose work for a grantee failed to meet minimal standards.
- Issuing audits identifying over \$238,600 in questioned costs, monies that can be used for providing additional legal representation to our client community.
- Achieving direct recoveries of over \$100,000 for LSC or grantees in cases arising from OIG investigations.
- Conducting 28 briefings and assessments for grantees across the nation to improve awareness of vulnerabilities to fraud and assist in identifying weaknesses in controls and operations.

OIG efforts continue to reflect strong and effective working relationships with our stakeholders. For example:

- The OIG kept Congress informed of our activities and stayed abreast of the Government Accountability Office recommendations and government-wide management challenges. Guided by our ongoing strategic planning and risk assessment processes, we performed independent audit and investigation oversight activities and advised LSC of potential internal and grant recipients' challenges through timely reports, memoranda and advisories.
- We conducted a comprehensive review to determine whether there were security risks or other

weaknesses in LSC's information technology systems. When the risk assessment identified significant deficiencies and vulnerabilities, LSC management responded promptly and positively, working in coordination with our contractor and auditors to initiate corrective actions.

- We continue to work actively with LSC management on many policy initiatives, providing comments and recommendations with respect to a risk management program, conflicts of interest policy, procurement training program, and regulatory improvements to LSC's enforcement mechanisms.



Further, the OIG's Investigations office received a valued award for excellence from the Council of the Inspectors

General on Integrity and Efficiency, in recognition of a program initiated to help reduce vulnerability to fraud at LSC grantees.

I would like to particularly recognize LSC President Jim Sandman for setting the correct tone at the top and requesting a fraud vulnerability assessment of LSC, the results of which were immediately addressed. This initiative is but one example of the successful working relationships we have developed with LSC.

I am gratified at the contributions the OIG has been able to make and continues to do so. Together with all the OIG's staff members, I am dedicated to doing all that we can to help improve and protect LSC's programs. I look forward to continuing to work with LSC's Board of Directors, its President, and the LSC staff in support of our shared commitment to equal access to justice for low-income Americans.

Jeffrey E. Schanz
Inspector General
Legal Services Corporation
July 20, 2014

Financials

**Financial Statements and Independent Auditor's Report For
The Year Ended September 30, 2013**

Financials

Financial Statements and Independent Auditor's Report For The Year Ended September 30, 2013



WithumSmith+Brown
A Professional Corporation
Certified Public Accountants and Consultants

840 Colesville Road, Suite 340
Silver Spring, Maryland 20910-6331 USA
301 585 7990 . fax 301585 7975
www.withum.com

Additional Offices in New Jersey
New York and Pennsylvania

Independent Auditors' Report

To Inspector General and Board of Directors,
Legal Services Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Legal Services Corporation ("LSC"), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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.

Financials



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LSC as of September 30, 2013 and 2012, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Management's Discussion and Analysis is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, on our consideration of LSC'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in blue ink that reads "Withers Smith + Brown, PC".

Silver Spring, Maryland
December 19, 2013

Financials

Statement of Financial Position

September 30, 2013 and 2012

ASSETS	2013	2012
Current Assets		
Cash and cash equivalents	\$ 71,080,835	\$ 73,577,157
Accounts receivable, net	16,935	29,073
Prepaid expenses and deposits	305,584	228,840
Total current assets	71,403,354	73,835,070
Property and equipment, net	463,096	637,802
	\$ 71,866,450	\$ 74,472,872

LIABILITIES and NET ASSETS

Current Liabilities		
Grants and contracts payable	\$ 57,581,223	\$ 60,201,520
Accounts payable	305,261	600,877
Accrued vacation and other liabilities	1,145,307	1,098,335
Deferred revenue	5,504,763	3,630,389
Total Current Liabilities	64,536,554	65,531,121

NET ASSETS

Unrestricted		
Undesignated	6,256,633	7,326,689
Board designated	334,095	690,069
Net investment in fixed assets	463,096	637,802
Total unrestricted	7,053,824	8,654,560
Temporarily restricted	276,072	287,191
Total net assets	7,329,896	8,941,751
	\$ 71,866,450	\$ 74,472,872

The Notes to Financial Statements are an integral part of these statements.

Financials

Statement of Activities and Change in Net Assets

Year Ended September 30, 2013

SUPPORT and REVENUES	Unrestricted	Temporarily Restricted	Total
Federal appropriations	\$ 339,926,164	\$ 950,000	\$ 340,876,164
Grant revenue	2,519,572	-	2,519,572
Other income	29,657	-	29,657
Change in deferred revenue	(1,874,374)	-	(1,874,374)
Net assets released from restriction	961,119	(961,119)	-
Total Revenue	341,562,138	(11,119)	341,551,019
EXPENSES			
Program services			
Grants, contracts and reimbursable expenses	320,928,559	-	320,928,559
Herbert S. Garten Loan Repayment Assistance Program	1,095,858	-	1,095,858
Supporting services			
Management and grants oversight	16,538,760	-	16,538,760
Office of Inspector General	4,599,697	-	4,599,697
Total expenses	343,162,874	-	343,162,874
Change in net assets	(1,600,736)	(11,119)	(1,611,855)
Net assets, beginning of year	8,654,560	287,191	8,941,751
Net assets, end of year	\$ 7,053,824	\$ 276,072	\$ 7,329,896

The Notes to Financial Statements are an integral part of these statements.

Financials

Statement of Activities and Change in Net Assets

Year Ended September 30, 2012

SUPPORT and REVENUES	Unrestricted	Temporarily Restricted	Total
Federal appropriations	\$ 348,000,000	\$ -	\$ 348,000,000
Grant revenue	2,726,363	293,000	3,019,363
Other income	11,569	-	11,569
Change in deferred revenue	3,044,274	-	3,044,274
Net assets released from restriction	18,309	(18,309)	
Total Revenue	353,800,515	274,691	354,075,206
EXPENSES			
Program services			
Grants, contracts and reimbursable expenses	332,178,276	-	332,178,276
Herbert S. Garten Loan Repayment Assistance Program	575,462	-	575,462
Supporting services			
Management and grants oversight	16,025,687	-	16,025,687
Office of Inspector General	4,371,640	-	4,371,640
Total expenses	353,151,065	-	353,151,065
Change in net assets	649,450	274,691	924,141
Net assets, beginning of year	8,005,110	12,500	8,017,610
Net assets, end of year	\$ 8,654,560	\$ 287,191	\$ 8,941,751

The Notes to Financial Statements are an integral part of these statements.

Financials

Statement of Cash Flows

Year Ended September 30, 2013 and 2012

CASH FLOWS FROM OPERATING ACTIVITIES	2013	2012
Change in net assets	\$ (1,611,855)	\$ 924,141
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	262,709	315,820
Loss on disposal of assets	544	-
Changes in assets and liabilities:		
Accounts receivable	12,138	(12,600)
Prepaid expenses and deposits	(76,744)	(53,965)
Grants and contracts payable	(2,620,296)	(3,986,334)
Accounts payable	(295,616)	(367,451)
Accrued vacation and other liabilities	46,972	(126,955)
Deferred revenue	1,874,374	(3,044,274)
Net cash used by operations	(2,407,774)	(6,351,618)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(88,548)	(199,383)
Net cash used by investing activities	(88,548)	(199,383)
Net decrease in cash and cash equivalents	(2,496,322)	(6,551,001)
CASH AND CASH EQUIVALENTS		
Beginning of year	73,577,157	80,128,158
End of year	\$ 71,080,835	\$ 73,577,157
SUPPLEMENTAL INFORMATION		
Income taxes paid	\$ 0	\$ 0
Interest paid	\$ 0	\$ 0

The Notes to Financial Statements are an integral part of these statements.

Financials

September 30, 2013 and 2012

NOTE 1 ORGANIZATION AND PURPOSE

Legal Services Corporation (“LSC”) is a private non-membership District of Columbia nonprofit corporation, established by Congress in the Legal Services Corporation Act of 1974, Public Law 93-355, and amended in 1977 by Public Law 95-222. The purpose of LSC is to provide financial support to independent organizations that directly provide legal assistance in non-criminal proceedings or matters to persons financially unable to afford such counsel.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

LSC’s financial statements are prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned, and expenses are recorded when incurred in accordance with accounting principles generally accepted in the United States of America.

The federal appropriations include amounts received and expended in furtherance of LSC’s objectives.

Basis of Presentation

LSC follows accounting standards established by the Financial Accounting Standards Board (FASB) which is the source of generally accepted accounting principles (GAAP) for not-for-profit entities. The financial statement presentation follows the recommendations of the FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, LSC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

LSC has recorded transactions in the following net asset categories:

Unrestricted net assets – net assets that are not subject to donor imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor or grant imposed restrictions that will be met by the passage of time or which will be fulfilled by the actions of LSC.

Cash and Cash Equivalents

LSC’s cash and cash equivalents includes a fund balance with U.S. Treasury of \$1,359,145 and \$39,548,455 as of September 30, 2013 and 2012, respectively.

Accounts Receivable

Accounts receivable are net of an allowance of \$534,666 and \$593,848 as of September 30, 2013 and 2012, respectively, determined based on historical experience and an analysis of specific amounts.

Property and Equipment

Capital assets are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets of five to ten years. Depreciation is reported as an unallocated expense and is not directly identified with individual functions.

Revenues

Federal appropriations are normally reported as support and revenue in the period the public law makes them available and the appropriations remain available until expended. Unexpended appropriated funds are shown as deferred revenue and adjustments are made to the account Change in Deferred Revenue to recognize the annual adjustment. The exception

Financials

September 30, 2013 and 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

this year is the appropriated funds to LSC under Public Law 113-2 for the Disaster Relief Appropriations Act of 2013 to address civil legal issues to lowincome people significantly affected by Hurricane Sandy. These unexpended appropriated funds are shown as temporarily restricted. The legal assistance must be accomplished through mobile resources, technology resources, pro bono assistance, and other services resulting from the super storm. There is a two-year limitation on the availability of these funds at which time they must be returned to the Department of the Treasury.

Grants and Contracts to Recipients

Liabilities, expenses and revenues related to grant and contract awards are recognized when the awarding document is fully executed. Grant awards are made to recipients on a calendar year basis from appropriations received by LSC.

Grant Recoveries

Grantees who have not complied with the requirements of the Legal Services Corporation Act of 1974 and implementing regulations may be subject to actions that result in a recovery of grant funds. Sources of grant refunds may include recoveries of disallowed costs, excess fund balances, unexpended funds on Private Attorney Involvement programs and sanctions imposed by LSC for failure to comply with other regulatory requirements, as well as other types of recoveries. Grant recoveries are reported as a reduction of grant and contract expenses on the accompanying statement of activities.

Net Assets

Net assets related to federal appropriations have been reported as designated, un designated or temporarily restricted. Designated net assets represent amounts that have been earmarked by the Board of Directors for continuing programs and administrative activities. Undesignated net assets represent appropriated federal carryover and other operating excess, which are available for future use at the discretion of the Board of Directors. The net assets reported as temporarily restricted include appropriated funding for Hurricane Sandy Disaster Relief, which has a two-year limitation on the availability and limits the use of the funds and the Public Welfare Foundation grant due to donor stipulations that limit the use of the donated asset. Net assets invested in fixed assets represent investments in property, equipment and computer software, net of accumulated depreciation and amortization.

Estimates

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

Income Taxes

LSC is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the District of Columbia, except for unrelated business income. No provision for income taxes was required for the year ended September 30, 2013 and 2012, as LSC had no net unrelated business income.

LSC evaluates its uncertain tax positions using the provisions of FASB ASC 450, Accounting for Contingencies. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimates and management judgment with respect to the likely outcome of each uncertain tax position. The

Financials

September 30, 2013 and 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. There were no liabilities for uncertain tax positions as of September 30, 2013 and 2012. There was also no tax-related to interest and penalties reported in the financial statements.

LSC's Forms 990, Return of Organization Exempt from Income Tax, for the years ending September 30, 2011, 2012 and 2013 are subject to examination by the IRS, generally for 3 years after they were filed.

Concentration of Revenue

LSC receives substantially all of its revenue from direct federal government appropriations. Should there be a significant reduction in this revenue, LSC's programs and activities could be negatively affected.

NOTE 3 CONCENTRATION OF CREDIT RISK – DEPOSITS

At September 30, 2012, LSC funds were in non-interest bearing accounts. LSC's cash accounts are subject to Federal Deposit Insurance Corporation (FDIC) limits. Non-interest bearing accounts are fully insured by the FDIC through December 31, 2012. As of January 1, 2013, FDIC insurance coverage will be limited to \$250,000 per institution. In January 2013, Management started using sweep accounts when the unlimited FDIC insurance coverage ended, and invested amounts over \$250,000 in high-quality, short-term mutual funds that consist of U.S. Treasury obligations to protect the funds. The bank account balances at September 30, 2013 and 2012 total \$69,719,690 and \$34,026,702.

NOTE 4 EQUIPMENT

Property and equipment consists of the following at September 30, 2013:

September 30, 2013	Beginning			Ending
	Balance	Additions	Disposals	Balance
Furniture and equipment	\$ 2,333,827	\$ 76,988	\$ (67,586)	\$ 2,343,229
Software	566,188	6,013	-	572,201
Leasehold improvements	455,647	5,546	(455,648)	5,545
Subtotal	3,355,662	88,547	(523,234)	2,920,975
Less: Accumulated depreciation /amortization	(2,717,860)	(262,709)	522,690	(2,457,879)
Capital assets (net)	\$ 637,802	\$ (174,162)	\$ (544)	\$ 463,096

Financials

September 30, 2013 and 2012

NOTE 4 EQUIPMENT (Continued)

Property and equipment consists of the following at September 30, 2012:

September 30, 2012	Beginning			Ending Balance
	Balance	Additions	Disposals	
Furniture and equipment	\$ 2,309,951	\$ 100,216	\$ (76,340)	\$ 2,333,827
Software	467,022	99,166	-	566,188
Leasehold improvements	455,647	-	-	455,647
Subtotal	3,232,620	199,382	(76,340)	3,355,662
Less: Accumulated depreciation /amortization	(2,478,380)	(315,820)	76,340	(2,717,860)
Capital assets (net)	\$ 754,240	\$ (116,438)	\$ -	\$ 637,802

Depreciation/amortization expense for the years ended September 30, 2013 and 2012 was \$262,709 and \$315,820, respectively.

NOTE 5 FINANCIAL INSTRUMENTS

Certain financial instruments are required to be recorded at fair value. Changes in assumptions or estimation methods could affect the fair value estimates; however, we do not believe any such changes would have a material impact on financial condition, results of operations or cash flows. Other financial instruments, including cash equivalents, other investments and short-term debt, are recorded at cost, which approximates fair value.

NOTE 6 FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that LSC has the ability to access.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; 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 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

Financials

September 30, 2013 and 2012

NOTE 6 FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis at September 30, 2013 are as follows:

	Fair Value Total	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Accounts			
in U.S. Treasury Notes	\$ 69,482,281	\$ 69,482,281	\$ -
Loan Repayment Assistance Program Receivable	10,338	-	10,338
Total	\$ 69,492,619	\$ 69,482,281	\$ 10,338

Fair values of assets measured on a recurring basis at September 30, 2012 are as follows:

	Fair Value Total	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Loan Repayment Assistance Program Receivable	\$ 4,952	\$ -	\$ 4,952
Total	\$ 4,952	\$ -	\$ 4,952

Assets measured at fair value on a recurring basis using significant observable inputs (Level 2 inputs):

LSC maintains cash balances at two financial institutions with offices in the Washington, DC metropolitan area. Each institution maintains target balances up to \$248,000 with any excess funds swept to an account that purchases mutual funds investing in U.S. Treasury bills with an average dividend rate of 0.01% for 2013, which is arrived at by the financial institution deducting a fee of up to 0 basis points from the dividend rate provided by the institutions Treasury Reserves. Annual expense ratios are based on amounts incurred during the most recent fiscal year, as shown in the funds' audited financial statements, and may have been restated to reflect current service provider fees, net of any waivers, reimbursements or caps that the fund's manager may have committed to the fund and that are currently in effect. Monthly fees and expenses are approximate, assume that the investor held shares of the fund valued at the ending balance for the entire month, and do not include the effect of any transactions that may have been made during the month.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

The LRAP accounts receivable is stated at the amount management expects to collect from refunded loans. Through an evaluation each year, management adjusts the LRAP allowance account based on its assessment of the current status of individual loans. The net of these two amounts is the receivable reported in the financial statements.

Financials

September 30, 2013 and 2012

NOTE 6 FAIR VALUE MEASUREMENTS (Continued)

The table below presents information about the changes in the Loan Repayment Assistance Program:

	2013	2012
Beginning Balance	\$ 4,952	\$ 7,586
Net increase, (decrease)	\$ 5,386	\$ (2,634)
Ending Balance	\$ 10,338	\$ 4,952

NOTE 7 GRANT REVENUE

LSC was awarded grants from the U.S. Court of Veterans Appeals for the purpose of furnishing legal assistance to veterans. Grant revenues for the year ended September 30, 2013 and 2012, total \$2,519,572 and \$2,726,363, respectively.

The Public Welfare Foundation (PWF) has awarded LSC two grants totaling \$293,000: a planning grant (grant # 12-014) and a resulting research grant (grant # 12-131). An overview of both grants appears below.

Planning Grant (grant # 12-014): On November 18, 2011, PWF informed LSC of the award of a planning grant in the amount of \$17,000. The grant period initially was scheduled to run for two months, from December 1, 2011 through January 31, 2012. The grant was designated to conduct preliminary planning in preparation for the design and implementation of a new outcomes measurement and reporting system for LSC and its grantees. PWF made full payment of the planning grant funds to LSC on January 17, 2012. PWF granted a no-cost extension to LSC through March 31, 2013. LSC expended all funds from the planning grant, and submitted its final report to PWF on May 30, 2013.

Research Grant (grant # 12-131): On June 18, 2012, PWF informed LSC of the award of a grant in the amount of \$276,000. The grant period currently is scheduled to run for eighteen months, from July 1, 2012 through December 31, 2013. The goals of the project are to: (1) enhance LSC's ability to assess the quality, efficiency, and effectiveness of the programs that LSC funds; and (2) provide grantees with better tools to assess their own performance, manage their operations, and increase private financial support. The grant is designated to support work by LSC in furtherance of two goals: (1) to improve LSC's data collection system to strengthen its assessment efforts and secure information to advance its goal of equal access to justice for the poor; and (2) to provide data analysis tools to help LSC's grantees manage their operations and increase financial support for their work. PWF made full payment of the grant funds to LSC on July 16, 2012.

Financials

September 30, 2013 and 2012

NOTE 8 GRANTS AND CONTRACTS EXPENSE

Grants and contracts expense for the years ended September 30, 2013 and 2012 consists of the following:

	2013	2012
Basic Field Programs	\$ 316,345,623	\$ 323,232,739
U.S. Court of Veterans Appeals	2,521,819	2,721,170
Hurricane Sandy Relief	874,041	-
Grant From Other Funds	329,298	253,346
Technology Initiatives	914,080	6,045,050
Grant Recoveries	(56,302)	(74,029)
Total	\$ 320,928,559	\$ 332,178,276

NOTE 9 MANAGEMENT AND GRANTS OVERSIGHT

Management and grants oversight expenses for the years ended September 30, 2013 and 2012 consists of the following:

	2013	2012
Compensation and benefits	\$ 11,972,618	\$ 11,461,883
Temporary employee pay	628,592	434,164
Consulting	428,096	540,767
Travel and transportation	646,481	717,372
Communications	83,218	86,509
Occupancy cost	1,710,000	1,711,870
Printing and reproduction	59,448	61,182
Other operating expenses	747,054	696,122
Capital expenditures	50,294	63,459
Total	16,325,801	15,773,328
Depreciation & Amoritization	262,709	315,819
Loss on disposal of assets	544	-
Less: capitalized assets	(50,294)	(63,460)
	\$ 16,538,760	\$ 16,025,687

Financials

September 30, 2013 and 2012

NOTE 10 OFFICE OF INSPECTOR GENERAL

LSC's Office of Inspector General expenses for the years ended September 30, 2013 and 2012 were as follows:

	2013	2012
Compensation and benefits	\$ 3,928,043	\$ 3,743,718
Temporary employee pay	9,775	22,647
Consulting	340,229	312,569
Travel and transportation	218,597	206,430
Communications	21,436	17,792
Printing and reproduction	8,496	8,170
Other operating expenses	73,121	60,313
Capital expenditures	38,253	135,922
Total	4,637,950	4,507,561
Less: capitalized assets	(38,253)	(135,921)
	\$ 4,599,697	\$ 4,371,640

NOTE 11 RETIREMENT PLANS

Pursuant to the Legal Services Corporation Act, all officers and employees hired before October 1, 1988, are participants in the Civil Service Retirement System ("CSRS"), although they are neither officers nor employees of the federal government. The CSRS plan is administered by the United States Office of Personnel Management ("OPM").

LSC makes CSRS contributions at rates applicable to agencies of the federal government. The contributions do not equal the full service cost of the pension expense, which is the actuarial present value of benefits attributed to services rendered by covered employees during the accounting period. The measurement of service cost requires the use of actuarial cost methods to determine the percentage of the employees' basic compensation sufficient to fund their projected pension benefit. These percentages (cost factors) are provided by OPM and the excess of total pension expense over the amount contributed by LSC and by LSC employees represents the amount that must be financed directly by OPM.

Post-retirement CSRS benefits are paid by OPM. No amounts have been recognized in the financial statements for these imputed costs. LSC does not report in its financial statements CSRS assets, accumulated plan benefits or unfunded liabilities, if any, applicable to its employees.

All officers and employees hired after September 30, 1988, are ineligible for the CSRS plan, but they are eligible to participate in LSC's pension and thrift plan, which is a tax deferred annuity plan subject to Section 403(b) of the Internal Revenue Code. LSC contributes 6% of each eligible employee's salary regardless of their participation. In addition, LSC matches the first 2.51% contributed by the employee. Individuals can make contributions up to the maximum amount permitted under federal income tax rules.

Financials

September 30, 2013 and 2012

NOTE 11 RETIREMENT PLANS (Continued)

LSC's contributions to these plans for the years ended September 30, 2013 and 2012 were \$992,067 and \$999,611, respectively. The amounts are included in compensation and benefits for management and administration expenses.

LSC also offers tax deferred annuity savings plans. CSRS eligible employees may contribute pretax earnings to the federal Thrift Savings Plan, and 403(b) eligible employees may contribute additional pretax earnings to the Section 403(b) plan. These plans are subject to different maximum amounts as permitted by the prevailing laws. No contributions are made to these tax deferred savings plans by LSC.

NOTE 12 OPERATING LEASE

On June 1, 2003, LSC commenced an operating lease agreement for office space which provides for a non-escalating annual base rent for a 10-year term. A new lease agreement was entered into September 2012, commencing in June 2013, for an additional 10 years. Under the new lease, LSC has an obligation to pay a portion of building operating expenses in excess of the base year. No additional building operating expenses were incurred in FY 2013. LSC has the right to terminate the lease by giving no less than 120-day prior written notice in the event that LSC does not receive an appropriation from Congress for administrative costs sufficient to cover LSC and its rental obligations for any period during the term of the lease. Future minimum lease payments required under this leases as of September 30, 2013 are as follows:

Fiscal Year	Amount
2014	1,710,000
2015	1,710,000
2016	1,710,000
2017	1,710,000
2018	1,710,000
Thereafter	7,980,000
	\$ 16,530,000

Rental expense for the years ended September 30, 2013 and 2012 is \$1,710,000.

NOTE 13 CONTINGENCIES

Grants and Contracts

LSC receives its funding from appropriations by Congress and grants from the U.S. Court of Veterans Appeals and, accordingly, may be subject to federal audits. In addition, LSC provides significant funding to numerous independent organizations, which are subject to their own independent audits and audits by LSC.

LSC's management does not expect any significant adjustments as a result of federal audits, should they occur, or from the audits of the grantees' independent auditors.

Financials

September 30, 2013 and 2012

NOTE 13 CONTINGENCIES (Continued)

Claims

Since 1997, LSC has been defending two separate but subsequently consolidated cases challenging LSC regulations. Plaintiffs sought injunctive relief but no monetary damages, except for attorneys' fees. Because the matter had been dormant since 2009, Plaintiffs agreed to voluntarily dismiss the cases without prejudice in July 2013, and they are now closed. No funds had been previously recorded in the financial statements for any contingent liability associated with payment of attorney fees.

In 2011, several LSC employees filed wage discrimination complaints with the Equal Employment Opportunity Commission (EEOC). During 2013, the EEOC dismissed all of the complaints, finding "no evidence of violation." No funds had previously been recorded in the financial statements for any contingent liability associated with these matters.

Collection Matters

In 2010, upon concluding that an LSC grantee had misused LSC funds and committed other financial irregularities, LSC disallowed approximately \$716,261 of the grantee's costs. On appeal, LSC agreed to reduce that amount to \$467,619. In 2011, LSC terminated the grantee, which later went out of business and is currently believed to be insolvent. The Corporation continues to explore its options regarding potential recovery of the previously disallowed amount of \$467,619. No amounts have been recorded.

NOTE 14 LOAN REPAYMENT ASSISTANCE PROGRAM

Through the Herbert S. Garten Loan Repayment Assistance Program (LRAP), established in 2005 and funded by Congressional appropriations, LSC makes a limited number of forgivable loans to attorneys employed by its grantee programs to help repay law school debt. Each participant receives up to \$5,600 per year for three years—for a maximum of \$16,800 if they remain eligible and funding remains available.

Participants must commit to remain with the LSC-funded legal services program for three years. As long as the participant remains in good standing, the loans are forgiven. Participants that do not successfully complete employment within the loan terms must repay the loans. No provision has been made in the accompanying financial statements to reflect any interest on the loans as management has deemed these amounts to be immaterial.

Accounts receivable are stated at the amount management expects to collect from refunded loans. Management provides for probable forgiven amounts through an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Accounts receivable balances are written-off through a charge to the valuation allowance in the year the loans are forgiven. Deferred revenue is comprised of funding available for future loans and loan amounts outstanding.

LRAP balances at September 30, 2013 and 2012 are as follows:

	2013	2012
Cash	\$ 1,428,855	\$ 1,606,088
Accounts receivable, net	\$ 10,338	\$ 4,952
Deferred revenue	\$ 1,439,193	\$ 1,611,040

Financials

September 30, 2013 and 2012

NOTE 14 LOAN REPAYMENT ASSISTANCE PROGRAM (Continued)

LRAP activity for the years ended September 30, 2013 and 2012 are as follows:

	2013	2012
Loans made	\$ 1,107,054	\$ 573,308
Loans forgiven	\$ 1,143,840	\$ 1,095,391
Allowance for loan forgiveness	\$ (47,982)	\$ (519,929)

NOTE 15 TEMPORARILY RESTRICTED NET ASSET

In 2012, LSC received a grant totaling \$293,000 from the Public Welfare Foundation for the development and implementation of improvements to LSC's system for data collection and analysis, development of a data collection tool kit for grantees to use, and to provide training and technical assistance for the tool kits use. Total expenses for the Public Welfare Foundation grant at September 30, 2013 and 2012 were \$87,078 and \$5,809, respectively.

In 2013, LSC received restricted appropriated funds under the Disaster Relief Appropriations Act of 2013 to LSC to address civil legal issues for low-income people significantly affected by Hurricane Sandy. Grants totaling \$874,041 were provided leaving a balance of \$75,959.

The balances of the restricted funds at September 30, 2013 and 2012 are \$276,072 and \$287,191, respectively.

In 2011, LSC received donations totaling \$12,500 which are restricted for the American Bar Foundation *Access Across America* research project. These funds were expended in 2012.

NOTE 16 SUBSEQUENT EVENTS

Legal Services Corporation has evaluated subsequent events occurring after the statements of financial position date through the date of December 19, 2013, the date the financial statements were available for release.

Fiscal Year 2014 Funding

On October 17, 2013, Congress passed a Continuing Resolution (CR) to fund the government for FY 2014 at current FY 2013 levels, post sequestration, through January 15, 2014. The FY 2014 CR reflects a bicameral, bi-partisan agreement after a 16-day government shutdown that began on October 1, 2013. The agreement includes increasing the debt limit through Feb. 7, 2014, requiring a bicameral budget committee to develop a conference report by December 13, 2013, back-paying furloughed federal employees, and requiring that the income of individuals seeking health care subsidies through state insurance exchanges be verified.

Previous auditors' reports are available in LSC's annual reports:

<http://www.lsc.gov/about/annual-report>

For further information

Office of Government Relations and Public Affairs
Legal Services Corporation
3333 K Street, NW
Washington, DC 20007
202.295.1500 / www.lsc.gov

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The Legal Services Corporation is the single largest funder of civil legal services in the country and plays a vital role in a public-private partnership focused on fulfilling America's pledge of equal justice for all. Since its founding almost four decades ago, LSC has been making a difference in the lives of low-income Americans by funding high-quality civil legal assistance to veterans, the elderly, victims of domestic abuse, tenants facing unlawful evictions, and others who cannot afford to pay for legal assistance.

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