

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

CONTENTS

Independent Auditors' Report	1-2
Statements of Financial Position - December 31, 2016 and 2015	3
Statements of Activities for the Years Ended December 31, 2016 and 2015	4
Statements of Cash Flows for the Years Ended December 31, 2016 and 2015	5
Statement of Functional Expenses for the Year Ended December 31, 2016	6
Statement of Functional Expenses for the Year Ended December 31, 2015	7
Notes to Financial Statements	8-16
Independent Auditors' Report on Supplementary Information	17
Schedule of Activities by Program	18
Agency on Aging of South Central Connecticut:	
Schedule of Income, Expenses and Budget Comparisons - Grant #025-17-C	19
Schedule of Income, Expenses and Budget Comparisons - Grant #025-16-C	20
State of Connecticut Department of Social Services:	
Statements of Comparative Analysis of Program Costs	21
Connecticut Bar Foundation:	
Schedule of Expenses and Related Awards	22

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Directors
New Haven Legal Assistance Association, Inc.
New Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of New Haven Legal Assistance Association, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016 and 2015, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 22, 2017 on our consideration of New Haven Legal Assistance Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Haven Legal Assistance Association, Inc.'s internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
May 22, 2017

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash	\$ 1,302,876	\$ 1,319,510
Client escrow funds	4,112	5,859
Investments managed by others	913,373	881,873
Grants and contracts receivable	110,733	237,379
Other assets	100,724	70,397
Total current assets	<u>2,431,818</u>	<u>2,515,018</u>
Property and Equipment, Net of Accumulated Depreciation	<u>16,518</u>	<u>17,371</u>
Total Assets	<u>\$ 2,448,336</u>	<u>\$ 2,532,389</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 37,283	\$ 30,731
Client trust deposits	4,112	5,859
Deferred revenue	104,818	237,248
Accrued annual leave	148,526	158,724
Total liabilities	<u>294,739</u>	<u>432,562</u>
Unrestricted Net Assets	<u>2,153,597</u>	<u>2,099,827</u>
Total Liabilities and Net Assets	<u>\$ 2,448,336</u>	<u>\$ 2,532,389</u>

The accompanying notes are an integral part of the financial statements

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Support and Revenues		
Grants and contracts	\$ 3,293,933	\$ 3,223,555
Contributions	861,345	803,108
Donated goods and services	107,866	67,104
Court awards	32,828	13,534
Total support and revenues	<u>4,295,972</u>	<u>4,107,301</u>
Expenses		
Program services	3,624,935	3,489,278
Management and general	565,065	544,945
Fundraising	86,399	78,160
Total expenses	<u>4,276,399</u>	<u>4,112,383</u>
Increase (Decrease) in Net Assets before Other Changes in Net Assets	<u>19,573</u>	<u>(5,082)</u>
Other Changes in Net Assets		
Change in value of investments managed by others	31,500	23,210
Investment income	2,697	3,456
	<u>34,197</u>	<u>26,666</u>
Increase in Net Assets	53,770	21,584
Net Assets - Beginning of Year	<u>2,099,827</u>	<u>2,078,243</u>
Net Assets - End of Year	<u>\$ 2,153,597</u>	<u>\$ 2,099,827</u>

The accompanying notes are an integral part of the financial statements

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 53,770	\$ 21,584
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,569	9,224
Change in investments managed by others	(31,500)	(23,210)
Reinvested dividend and interest income	-	(3,456)
(Increase) decrease in operating assets:		
Grants and contracts receivable	126,646	(132,728)
Other assets	(30,327)	(6,352)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	6,552	(7,588)
Deferred revenue	(132,430)	187,355
Accrued annual leave	(10,198)	(19,426)
Net cash provided by (used in) operating activities	<u>(14,918)</u>	<u>25,403</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment	(1,716)	-
Proceeds from sale of investments, net of purchases	-	13,069
Net cash provided by (used in) investing activities	<u>(1,716)</u>	<u>13,069</u>
Net Increase (Decrease) in Cash	(16,634)	38,472
Cash - Beginning of Year	<u>1,319,510</u>	<u>1,281,038</u>
Cash - End of Year	<u>\$ 1,302,876</u>	<u>\$ 1,319,510</u>

The accompanying notes are an integral part of the financial statements

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel Expenses				
Salaries	\$ 2,198,818	\$ 353,953	\$ 43,126	\$ 2,595,897
Employee benefits	852,233	137,525	16,756	1,006,514
Total personnel expenses	<u>3,051,051</u>	<u>491,478</u>	<u>59,882</u>	<u>3,602,411</u>
Nonpersonnel Expenses				
Occupancy	183,066	30,621	3,731	217,418
Contractual services	107,151	13,943	1,699	122,793
Donated services	90,823	15,192	1,851	107,866
Office expenses	39,169	6,552	18,349	64,070
Technical literature	49,767	-	-	49,767
Lobbying	36,115	-	-	36,115
Travel	19,281	3,155	385	22,821
Membership and dues	11,300	1,890	230	13,420
Other expenses	9,247	1,152	140	10,539
Occupation tax	9,605	-	-	9,605
Work study	8,637	-	-	8,637
Training and education	4,307	720	88	5,115
Legal costs	3,253	-	-	3,253
Depreciation	2,163	362	44	2,569
Total nonpersonnel expenses	<u>573,884</u>	<u>73,587</u>	<u>26,517</u>	<u>673,988</u>
Total Functional Expenses	<u>\$ 3,624,935</u>	<u>\$ 565,065</u>	<u>\$ 86,399</u>	<u>\$ 4,276,399</u>

The accompanying notes are an integral part of the financial statements

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel Expenses				
Salaries	\$ 2,070,459	\$ 343,621	\$ 42,120	\$ 2,456,200
Employee benefits	804,432	133,218	16,330	953,980
Total personnel expenses	<u>2,874,891</u>	<u>476,839</u>	<u>58,450</u>	<u>3,410,180</u>
Nonpersonnel Expenses				
Occupancy	182,612	31,470	3,859	217,941
Contractual services	137,048	11,622	1,426	150,096
Donated services	56,227	9,690	1,187	67,104
Office expenses	37,282	6,425	12,149	55,856
Technical literature	52,961	-	-	52,961
Lobbying	64,691	-	-	64,691
Travel	23,614	3,932	482	28,028
Membership and dues	12,775	2,202	269	15,246
Other expenses	10,258	1,316	161	11,735
Occupation tax	9,605	-	-	9,605
Work study	14,793	-	-	14,793
Training and education	676	117	14	807
Legal costs	4,116	-	-	4,116
Depreciation	7,729	1,332	163	9,224
Total nonpersonnel expenses	<u>614,387</u>	<u>68,106</u>	<u>19,710</u>	<u>702,203</u>
Total Functional Expenses	<u>\$ 3,489,278</u>	<u>\$ 544,945</u>	<u>\$ 78,160</u>	<u>\$ 4,112,383</u>

The accompanying notes are an integral part of the financial statements

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

New Haven Legal Assistance Association, Inc. (the Organization), a nonprofit, nonstock corporation, was formed in 1964 for the purpose of providing free legal assistance to persons financially unable to afford such assistance in the Greater New Haven, Connecticut, area.

Basis of Accounting and Presentation

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Under applicable accounting standards, the net assets of the Organization are considered to be unrestricted.

Use of Estimates

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

Cash

The Organization maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Organization's deposits are not subject to significant credit risk.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes the Organization's gains and losses on investments bought and sold as well as held during the year.

Investments Managed by Others

The Organization maintains a fund held by The Community Foundation for Greater New Haven (the Foundation) that was established with the Organization's unrestricted funds. The fund agreement provides that the Organization receive investment income from the fund, to be determined by the Foundation in its sole discretion in accordance with its spending policy. The Organization has the ability to access the principal, subject to a 60-day notice period. The fund is carried at fair value as discussed in Note 2. Changes in the carrying amount of the fund is recognized as increases or decreases in unrestricted net assets.

Equipment

Equipment acquisitions and substantial improvements thereon that individually exceed \$1,000 are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which is five years for most assets. Repairs and maintenance are charged to expense as incurred.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Grants and Contracts

Governmental grants and contracts are generally considered to be exchange transactions in which the grantor requires the performance of specified activities. Entitlement to cost-reimbursement grants and contracts is based on the expenditure of funds in accordance with grant and contract restrictions, and, therefore, revenue is recognized to the extent of grant and contract expenditures. Grant and contract receipts in excess of revenue recognized are presented as deferred grant revenue.

Contributions

Contributions are defined as voluntary, nonreciprocal transfers. Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable. Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions that are received and released in the same period are presented with unrestricted contributions. Contributions received whose use is contingent on the occurrence of a future event are presented as deferred support until such conditions are substantially met, at which time they are recognized as support.

The Organization recognizes donated services at their estimated fair value if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. The Organization recognized \$107,866 and \$67,104 as both support and expenditures for the fair value of specialized services provided via telephone and legal, research and intake services during the years ended December 31, 2016 and 2015, respectively.

In addition, a number of private attorneys provide legal services to eligible persons referred to them by the Organization. However, because the Organization has no control over and does not benefit from these services after the referral has been made, the value of this contributed time is not recorded in the financial statements.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Income Taxes

The Organization is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform with the current year's presentation.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through May 22, 2017, which represents the date the financial statements were available to be issued.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish 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 (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 the Organization has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. When, as a practical expedient, an investment is measured at fair value on the basis of net asset value, its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at net asset value at the measurement date. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

The following is a description of the valuation methodologies used for assets measured at fair value:

Investments Managed by Others

The investments managed by others are valued at the quoted fair market value of the underlying assets held at year end.

There have been no changes in the methodologies used at December 31, 2016 and 2015.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Assets Measured at Fair Value on a Recurring Basis

The Organization's assets that are measured at fair value are the investments managed by others and are considered to be Level 2 within the fair value hierarchy. The Organization's assets at fair value as of December 31, 2016 and 2015, were \$913,373 and \$881,873, respectively.

There were no transfers between levels of investments during the years ended December 31, 2016 and 2015.

Gains and losses (realized and unrealized) included in changes in net assets for the years ended December 31, 2016 and 2015, are reported as change in the value of investments managed by others on the statements of activities.

NOTE 3 - GRANTS AND CONTRACTS RECEIVABLE

Receivables from grants and contracts as of December 31, 2016 and 2015, consisted of the following:

	<u>2016</u>	<u>2015</u>
Connecticut Legal Services, Inc.	\$ 91,292	\$ 31,356
Court Fees Grants in Aid	9,928	138,585
Yale University	4,700	9,400
Agency on Aging of South Central Connecticut	3,146	3,453
The Valley Community Foundation	1,667	-
LawyerCorpCT	-	23,476
Connecticut Bar Foundation	-	12,093
Yale CHEFA	-	10,000
The Community Foundation for Greater New Haven	-	6,667
Statewide Legal Services of CT	-	2,344
IOLTA	-	5
	<u>110,733</u>	<u>237,379</u>
Grants and Contracts Receivable	\$ <u>110,733</u>	\$ <u>237,379</u>

For the years ended December 31, 2016 and 2015, the Organization received approximately 59% and 63% of its revenue, respectively, through grants and contracts from a single funder, Connecticut Bar Foundation (CBF). The grants and contracts were awarded in order to provide funds for continuing operations and have no restrictions on use.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 208,705	\$ 218,029
Leasehold improvements	104,865	104,865
Other equipment	13,246	13,246
	<u>326,816</u>	<u>336,140</u>
Less accumulated depreciation	<u>310,298</u>	<u>318,769</u>
Net Property and Equipment	<u>\$ 16,518</u>	<u>\$ 17,371</u>

Depreciation expense was \$2,569 and \$9,224 for the years ended December 31, 2016 and 2015, respectively.

NOTE 5 - EMPLOYEE BENEFIT PLAN

The Organization has adopted a defined contribution money purchase pension plan covering all individuals employed during the plan year, which is a calendar year. For the years ended December 31, 2016 and 2015, the Organization contributed 6% of participants' compensation. In addition, for those employees who contributed 1% of their wages to the Organization's tax sheltered annuity plan, a matching contribution of 1% of the participant's wages was contributed to the money purchase plan. Employee contributions are not permitted under this plan and participants are 100% vested in the plan immediately upon entrance. Pension expense for the years ended December 31, 2016 and 2015, was \$182,888 and \$168,148, respectively.

The Organization also maintains a tax sheltered annuity plan covering all individuals employed during the plan year, which is a calendar year. This plan allows participating employees to contribute 1% of their wages, and does not allow any contributions by the employer.

NOTE 6 - OPERATING LEASES

The Organization leases office space in New Haven, Connecticut, under an operating lease that expires August 2020. The lease requires escalating monthly payments ranging from \$11,824 to \$12,179 over the term of the lease. The Organization recognizes rent expensed on a straight-line basis over the respective lease term of the underlying agreement. Rent expense under this method was \$144,324 for each of the years ended December 31, 2016 and 2015.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Future minimum lease payments under leases extending beyond one year from the statement of financial position date are as follows:

Year Ending December 31

2017	\$	146,151
2018		146,151
2019		146,151
2020		<u>97,433</u>
Total Minimum Lease Payments	\$	<u><u>535,886</u></u>

NOTE 7 - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2016 and 2015, the Organization paid \$23,794 and \$95,046, respectively, to the Legal Assistance Resource Center of Connecticut (LARCC) for various legal training and publications production, advocacy work, and development of a statewide network to address welfare issues. There were no amounts owed from or to LARCC at December 31, 2016 and 2015. The Organization's former Executive Director was a member of LARCC's Board of Directors prior to its dissolution in June 2016.

NOTE 8 - LINE OF CREDIT

The Organization has an available line of credit of \$150,000 that expires March 25, 2019 and bears interest at the bank's prime rate plus 2%. No amounts were outstanding under the line of credit as of December 31, 2016 and 2015.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Organization participates in a number of federal- and state-assisted programs. The use of the grants in programs is subject to future review by the grantors. Such reviews may result in grantors disallowing costs that would result in the Organization having liabilities to the grantors. The Organization is not aware of any grantor liabilities.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - PRINCIPAL FUNDING SOURCES

The Organization is funded through a variety of grants, contracts and contributions from the State of Connecticut, nonprofit organizations and others. A summary of unrestricted revenues related to contributions, grants and contracts for the years ended December 31, 2016 and 2015, is as follows:

	<u>2016</u>	<u>2015</u>
Grants and contracts:		
Connecticut Bar Foundation	\$ 2,190,059	\$ 2,278,304
State Public Defender	195,125	254,352
Yale Law School	150,855	11,250
Office of Victim Services (through Connecticut Legal Services, Inc.)	133,501	-
State of CT Department of Social Services (through Connecticut Legal Services, Inc.)	125,002	132,752
State of CT Court Support Services (through Connecticut Legal Services, Inc.)	112,697	224,179
Technology Project	107,934	81,275
State of CT Judicial Branch - MSW Social Worker	66,191	75,352
LawyersCorp Connecticut	51,525	23,475
Area Agency on Aging (Title III)	48,085	68,085
Skadden Fellowship Foundation	21,079	4,167
Yale New Haven Hospital	11,664	14,993
TIG (through Statewide Legal Services, Inc.)	7,578	24,576
State of CT Department of Economic & Comm Dev. (through Connecticut Legal Services, Inc.)	5,942	11,882
Others	66,696	10,419
State of CT Judicial Branch - Audio Visual Production	-	8,494
Total grants and contracts	<u>3,293,933</u>	<u>3,223,555</u>
Contributions:		
Individuals and others	415,673	335,656
Connecticut Bar Foundation	358,119	355,242
Community Foundation for Greater New Haven	61,666	50,417
Connecticut Health Foundation	10,000	20,000
Equal Justice America	8,637	14,793
Tow Foundation	6,250	25,000
United Way Agencies	1,000	2,000
Total contributions	<u>861,345</u>	<u>803,108</u>
	<u>\$ 4,155,278</u>	<u>\$ 4,026,663</u>

Connecticut Bar Foundation

The Organization receives funds from the Connecticut Bar Foundation's (the CBF) IOLTA (Interest on Lawyers Trust Accounts) Program. The IOLTA Program was established to provide funding for nonprofit legal service providers to assist them in the delivery of legal services to the poor. The IOLTA funding periods for these awards, which are used for general operating assistance, are calendar years. During the years ended December 31, 2016 and 2015, the Organization received \$358,119 and \$313,025, respectively, of IOLTA funding.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

The Organization also received funding from the State of Connecticut Judicial Branch through CBF under the Court Fees Grants-in-Aid (CFGIA) and Judicial Branch Grants-in-Aid (JBGIA) programs. Both of these funds also supported the Organization's general operations. For the years ended December 31, 2016 and 2015, the Organization received \$242,384 and \$240,000, respectively, from the JBGIA program and \$1,947,675 and \$2,038,304, respectively, from the CFGIA program.

As a recipient of funding under these CBF programs, the Organization is required to 1) reimburse the CBF for attorney fees received in proportion to the percentage of these funds used for litigation against the State or any of its officers or agencies, and 2) not use any of these funds for either governmental or agency lobbying or occupational taxes. For the years ended December 31, 2016 and 2015, the Organization did not use these program funds for any activity of the type in 1) above, nor did it charge the program for any costs of the type in 2) above. Individuals assisted under this program were eligible to receive services and the Organization complied with the CBF's application assurances, guidelines and information.

Connecticut Legal Services, Inc.

The Organization has entered into agreements with Connecticut Legal Services, Inc. (CLS) for the provision of various types of legal services to income eligible persons. The funding for these programs is provided by the State of Connecticut Department of Social Services through its contracts with CLS, and consists of federal and state monies. Funds for these programs are reimbursed to the Organization after they have been expended.

For the years ended December 31, 2016 and 2015, the Organization recognized revenue under the following programs:

	<u>2016</u>	<u>2015</u>
Victims of Crime Act (federal)	\$ 133,501	\$ -
Social Service Block Grant (federal and state)	125,002	125,423
SSI Outreach (federal and state)	-	7,329
	<u>\$ 258,503</u>	<u>\$ 132,752</u>

In 2016, the Organization entered into an agreement with CLS for the Federal VOCA Victim Assistance Grant to provide civil legal representations to victims of crime. Under the terms of the agreement, the Organization is to provide matching funds from other resources in order to receive this revenue. For the year ended December 31, 2016, the Organization provided matching funds of \$33,374.

The Organization is prohibited from using funds received under these programs in conducting any litigation against the State of Connecticut, its officials, agencies or employees. Conducting litigation is understood to mean those activities involved in investigating, initiating or maintaining lawsuits that were actually filed. This restriction was complied with for the years ended December 31, 2016 and 2015.

Office of the State Public Defender

The Organization has entered into contracts to provide legal representation in child protection matters for criminal defendants whom the Office of the State Public Defender is unable to represent. For the years ended December 31, 2016 and 2015, the Organization recognized revenues of \$195,125 and \$254,352, respectively, under these contracts.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

South Central Connecticut Agency on Aging

The Organization provides legal representation for various elder law issues under agreements with the South Central Connecticut Agency for Aging that are funded by the federal Title III program. Total revenue recognized under this program for the years ended December 31, 2016 and 2015, was \$48,085 and \$68,085, respectively. Under the terms of these agreements, the Organization is to provide matching and in-kind funds from other resources in order to receive this revenue. For the years ended December 31, 2016 and 2015, the Organization provided matching funds of \$16,028 and \$18,688, respectively.

United Way

The Organization received funds from the United Way agencies of Milford and the Valley. Funds amounting to \$1,000 and \$2,000, exclusive of donor-designated amounts, were recognized as revenue for the years ended December 31, 2016 and 2015, respectively.

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report on Supplementary Information

To the Board of Directors
New Haven Legal Assistance Association, Inc.
New Haven, Connecticut

We have audited the financial statements of New Haven Legal Assistance Association, Inc., as of and for the years ended December 31, 2016 and 2015, and our report thereon dated May 22, 2017, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of activities by program, schedule of income, expenses and budget comparisons - Grant #025-17-C, schedule of income, expenses and budget comparisons - Grant #025-16-C, State of Connecticut Department of Social Services statement of comparative analysis of program costs and the schedule of 2016 expenses and related awards - Connecticut Bar Foundation programs are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
May 22, 2017

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

SCHEDULE OF ACTIVITIES BY PROGRAM FOR THE YEAR ENDED DECEMBER 31, 2016

	State of CT Department of Social Services	Agency on Aging Title III Grant	State Public Defender	Victims of Crime Act	Connecticut Bar Foundation	General	Total
Support and Revenues							
Grants and contracts	\$ 125,002	\$ 48,085	\$ 195,125	\$ 133,501	\$ 2,190,059	\$ 602,161	\$ 3,293,933
Contributions	-	-	-	-	358,119	503,226	861,345
Donated goods and services	-	-	-	-	-	107,866	107,866
Court awards	-	-	-	-	-	32,828	32,828
Total support and revenues	<u>125,002</u>	<u>48,085</u>	<u>195,125</u>	<u>133,501</u>	<u>2,548,178</u>	<u>1,246,081</u>	<u>4,295,972</u>
Expenses							
Personnel expenses:							
Salaries	80,455	30,442	140,712	97,153	1,609,383	637,752	2,595,897
Employee benefits	30,343	11,492	54,413	36,348	625,597	248,321	1,006,514
Total personnel expenses	<u>110,798</u>	<u>41,934</u>	<u>195,125</u>	<u>133,501</u>	<u>2,234,980</u>	<u>886,073</u>	<u>3,602,411</u>
Nonpersonnel expenses:							
Occupancy	7,286	2,710	-	-	144,220	63,202	217,418
Contractual services	511	1,151	-	-	73,716	47,415	122,793
Donated services	-	-	-	-	-	107,866	107,866
Office expenses	1,759	643	-	-	27,535	34,133	64,070
Technical literature	2,336	673	-	-	33,044	13,714	49,767
Lobbying	-	-	-	-	-	36,115	36,115
Travel	1,156	433	-	-	14,889	6,343	22,821
Membership and dues	488	179	-	-	8,764	3,989	13,420
Other expenses	323	110	-	-	5,426	4,680	10,539
Occupation tax	-	147	-	-	-	9,458	9,605
Work study	-	-	-	-	-	8,637	8,637
Training and education	242	62	-	-	3,449	1,362	5,115
Legal costs	103	43	-	-	2,155	952	3,253
Depreciation	-	-	-	-	-	2,569	2,569
Total nonpersonnel expenses	<u>14,204</u>	<u>6,151</u>	<u>-</u>	<u>-</u>	<u>313,198</u>	<u>340,435</u>	<u>673,988</u>
Total expenses	<u>125,002</u>	<u>48,085</u>	<u>195,125</u>	<u>133,501</u>	<u>2,548,178</u>	<u>1,226,508</u>	<u>4,276,399</u>
Increase in Net Assets before Other Changes in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,573</u>	<u>19,573</u>
Other Changes in Net Assets							
Interest and dividends	-	-	-	-	-	2,697	2,697
Change in value of investments managed by others	-	-	-	-	-	31,500	31,500
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,197</u>	<u>34,197</u>
Increase in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,770</u>	<u>53,770</u>
Net Assets - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,099,827</u>	<u>2,099,827</u>
Net Assets - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,153,597</u>	<u>\$ 2,153,597</u>

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

AGENCY ON AGING OF SOUTH CENTRAL CONNECTICUT - GRANT #025-16-C SCHEDULE OF INCOME, EXPENSES AND BUDGET COMPARISONS GRANT PERIOD JANUARY 1, 2016 THROUGH SEPTEMBER 30, 2016

	<u>Budget</u>	<u>Expenses</u>	<u>Actual (Over) Under Budget</u>
Personnel salaries *	\$ 40,991	\$ 30,672	\$ 10,319
Fringe benefits	15,167	11,375	3,792
Investments	561	421	140
Rent	2,503	1,877	626
Telephone	325	244	81
Utilities	342	257	85
Equip. repairs and maintenance	325	244	81
Conferences and training	145	109	36
Contractual services	1,195	896	299
Insurance	399	300	99
Postage	102	77	25
Printing	75	56	19
Supplies	253	189	64
Dues and subscriptions	1,122	841	281
Audit fee	285	285	-
Other	323	242	81
Total costs	<u>64,113</u>	<u>48,085</u>	<u>16,028</u>
Less Title III funds:			
Non-Federal share	16,028	12,021	4,007
Federal share	<u>48,085</u>	<u>36,064</u>	<u>12,021</u>
Total Title III funds	<u>64,113</u>	<u>48,085</u>	<u>16,028</u>
Balance of Unexpended Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Personnel expenses of NHLAA staff accounted for by time records.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

**AGENCY ON AGING OF SOUTH CENTRAL CONNECTICUT - GRANT #025-17-C
 SCHEDULE OF INCOME, EXPENSES AND BUDGET COMPARISONS
 GRANT PERIOD OCTOBER 1, 2016 THROUGH DECEMBER 31, 2016**

	<u>Budget</u>	<u>Expenses</u>	<u>Actual (Over) Under Budget</u>
Personnel salaries *	\$ 41,657	\$ 10,466	\$ 31,191
Fringe benefits	16,662	4,166	12,496
Investments	409	102	307
Rent	1,866	467	1,399
Telephone	211	53	158
Utilities	265	66	199
Equip. repairs and maintenance	241	60	181
Conferences and training	83	21	62
Contractual services	885	221	664
Insurance	277	69	208
Postage	75	19	56
Printing	77	19	58
Supplies	187	47	140
Dues and subscriptions	759	190	569
Audit fee	211	-	211
Other	248	62	186
Total costs	<u>64,113</u>	<u>16,028</u>	<u>48,085</u>
Less Title III funds:			
Non-Federal share	16,028	4,007	12,021
Federal share	<u>48,085</u>	<u>12,021</u>	<u>36,064</u>
Total Title III funds	<u>64,113</u>	<u>16,028</u>	<u>48,085</u>
Balance of Unexpended Funds	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

*Personnel expenses of NHLAA staff accounted for by time records.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

**STATE OF CONNECTICUT DEPARTMENT OF SOCIAL SERVICES GRANTS
STATEMENT OF COMPARATIVE ANALYSIS OF PROGRAM COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	083CLS-SBG-33/14DSS5001FZ		
	Budget*	Actual	Over (Under) Budget
Contractual services:			
Independent audit	\$ 556	\$ 511	\$ 45
Administration:			
Salaries	511	555	(44)
Fringe benefits	201	219	(18)
Total	<u>712</u>	<u>774</u>	<u>(62)</u>
Direct program staff:			
Salaries	78,913	79,900	(987)
Fringe benefits	31,063	30,124	939
Total	<u>109,976</u>	<u>110,024</u>	<u>(48)</u>
Other costs:			
Program rent	5,305	5,225	80
Consumable supplies	948	930	18
Travel and transportation	1,170	1,156	14
Utilities	952	920	32
Repairs and maintenance	688	632	56
Insurance	791	829	(38)
Other project expenses	3,904	4,001	(97)
Total	<u>13,758</u>	<u>13,693</u>	<u>65</u>
Program income	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Program Costs	\$ <u>125,002</u>	\$ <u>125,002</u>	\$ <u>-</u>

* Grant budgets were pro-rated where grant periods did not coincide with NHLAA calendar year.
There were no questioned costs associated with these grants.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

SCHEDULE OF 2016 EXPENSES AND RELATED AWARDS - CONNECTICUT BAR FOUNDATION PROGRAMS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Interest on Lawyers Trust Accounts</u>	<u>Judicial Branch Grants-in-Aid</u>	<u>Court Fees Grants-in-Aid</u>	<u>Total</u>
Support and Revenues				
Grants and contracts	\$ 358,119	\$ 242,384	\$ 1,947,675	\$ 2,548,178
Expenditures				
Personnel expenses:				
Salaries	221,991	153,889	1,233,503	1,609,383
Employee benefits	86,201	59,790	479,606	625,597
Total personnel expenses	<u>308,192</u>	<u>213,679</u>	<u>1,713,109</u>	<u>2,234,980</u>
Nonpersonnel expenses:				
Space and occupancy	19,872	13,562	110,786	144,220
Contractual services	16,920	6,185	50,611	73,716
Miscellaneous	748	511	4,168	5,427
Technical literature	4,543	3,105	25,394	33,042
Travel	2,042	1,399	11,448	14,889
Office expenses	3,796	2,589	21,150	27,535
Memberships and dues	1,250	828	6,687	8,765
Litigation costs	298	203	1,654	2,155
Training and education	458	323	2,668	3,449
Total nonpersonnel expenses	<u>49,927</u>	<u>28,705</u>	<u>234,566</u>	<u>313,198</u>
Total expenses	<u>358,119</u>	<u>242,384</u>	<u>1,947,675</u>	<u>2,548,178</u>
Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>