

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

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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, 2017 and 2016, 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, 2017 and 2016, 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 June 5, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Haven Legal Assistance Association, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Haven Legal Assistance Association, Inc.'s internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
June 5, 2018

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash	\$ 1,455,198	\$ 1,302,876
Client escrow funds	4,997	4,112
Investments managed by others	1,078,982	913,373
Grants and contracts receivable	106,597	110,733
Contribution receivable	515,021	-
Other assets	91,174	100,724
Total current assets	<u>3,251,969</u>	<u>2,431,818</u>
Property and Equipment, Net of Accumulated Depreciation	<u>24,963</u>	<u>16,518</u>
Total Assets	<u>\$ 3,276,932</u>	<u>\$ 2,448,336</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 31,650	\$ 37,283
Client trust deposits	4,997	4,112
Deferred revenue	130,502	104,818
Accrued annual leave	177,280	148,526
Total liabilities	<u>344,429</u>	<u>294,739</u>
Net Assets		
Unrestricted	2,240,265	2,153,597
Temporarily restricted	692,238	-
Total net assets	<u>2,932,503</u>	<u>2,153,597</u>
Total Liabilities and Net Assets	<u>\$ 3,276,932</u>	<u>\$ 2,448,336</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Changes in Unrestricted Net Assets		
Support and revenues:		
Grants and contracts	\$ 3,410,326	\$ 3,293,933
Contributions	729,923	861,345
Donated goods and services	79,655	107,866
Court awards	39,950	32,828
Total support and revenues	<u>4,259,854</u>	<u>4,295,972</u>
Expenses:		
Program services	3,738,136	3,624,935
Management and general	525,539	565,065
Fundraising	77,632	86,399
Total expenses	<u>4,341,307</u>	<u>4,276,399</u>
Change in Unrestricted Net Assets before Other		
Changes in Unrestricted Net Assets	<u>(81,453)</u>	<u>19,573</u>
Other Changes in Unrestricted Net Assets		
Change in value of investments managed by others	165,609	31,500
Investment income	2,512	2,697
	<u>168,121</u>	<u>34,197</u>
Change in unrestricted net assets	86,668	53,770
Changes in Temporarily Restricted Net Assets		
Contributions	<u>692,238</u>	<u>-</u>
Change in Net Assets	778,906	53,770
Net Assets - Beginning of Year	<u>2,153,597</u>	<u>2,099,827</u>
Net Assets - End of Year	<u>\$ 2,932,503</u>	<u>\$ 2,153,597</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 778,906	\$ 53,770
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,976	2,569
Change in investments managed by others	(165,609)	(31,500)
(Increase) decrease in operating assets:		
Grants and contracts receivable	4,136	126,646
Contribution receivable	(515,021)	-
Other assets	9,550	(30,327)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(5,633)	6,552
Deferred revenue	25,684	(132,430)
Accrued annual leave	28,754	(10,198)
Net cash provided by (used in) operating activities	<u>165,743</u>	<u>(14,918)</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment	<u>(13,421)</u>	<u>(1,716)</u>
Net cash used in investing activities	<u>(13,421)</u>	<u>(1,716)</u>
Net Increase (Decrease) in Cash	152,322	(16,634)
Cash - Beginning of Year	<u>1,302,876</u>	<u>1,319,510</u>
Cash - End of Year	<u>\$ 1,455,198</u>	<u>\$ 1,302,876</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, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel Expenses				
Salaries	\$ 2,244,117	\$ 327,896	\$ 40,892	\$ 2,612,905
Employee benefits	852,362	124,453	15,520	992,335
Total personnel expenses	<u>3,096,479</u>	<u>452,349</u>	<u>56,412</u>	<u>3,605,240</u>
Nonpersonnel Expenses				
Occupancy	201,579	31,594	3,940	237,113
Contractual services	108,839	14,539	1,813	125,191
Lobbying	88,163	-	-	88,163
Donated services	67,718	10,613	1,324	79,655
Office expenses	57,036	8,448	13,146	78,630
Technical literature	43,456	-	-	43,456
Travel	25,156	3,759	469	29,384
Membership and dues	12,079	1,893	236	14,208
Other expenses	9,138	1,389	173	10,700
Occupation tax	9,605	-	-	9,605
Legal costs	7,996	-	-	7,996
Depreciation	4,230	663	83	4,976
Work study	4,802	-	-	4,802
Training and education	1,860	292	36	2,188
Total nonpersonnel expenses	<u>641,657</u>	<u>73,190</u>	<u>21,220</u>	<u>736,067</u>
Total Functional Expenses	<u>\$ 3,738,136</u>	<u>\$ 525,539</u>	<u>\$ 77,632</u>	<u>\$ 4,341,307</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
Lobbying	36,115	-	-	36,115
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
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
Legal costs	3,253	-	-	3,253
Depreciation	2,163	362	44	2,569
Work study	8,637	-	-	8,637
Training and education	4,307	720	88	5,115
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.

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.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Property and 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.

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 \$79,655 and \$107,866 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, 2017 and 2016, 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.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Reclassifications

Certain amounts in the 2016 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 June 5, 2018, which represents the date the financial statements were available to be issued.

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, 2017 and 2016.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

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.

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, 2017 and 2016, were \$1,078,982 and \$913,373, respectively.

There were no transfers between levels of investments during the years ended December 31, 2017 and 2016.

Gains and losses (realized and unrealized) included in changes in net assets for the years ended December 31, 2017 and 2016, 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, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Connecticut Bar Foundation	\$ 59,413	\$ -
Connecticut Legal Services, Inc.	42,577	91,292
Agency on Aging of South Central Connecticut	3,181	3,146
The Community Foundation for Greater New Haven	1,228	-
State of Connecticut - Public Defender's Office	198	-
Court Fees Grants in Aid	-	9,928
Yale University	-	4,700
The Valley Community Foundation	-	1,667
	<u>106,597</u>	<u>110,733</u>
Grants and Contracts Receivable	\$ <u>106,597</u>	\$ <u>110,733</u>

For the years ended December 31, 2017 and 2016, the Organization received approximately 59% of its revenue 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.

NOTE 4 - CONTRIBUTION RECEIVABLE

Contribution receivable as of December 31, 2017 consists of an outstanding pledge from one donor in the amount of \$515,021. The remaining outstanding balance will be collected during the period of January 1, 2018 through September 30, 2019.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 208,344	\$ 208,705
Leasehold improvements	116,237	104,865
Other equipment	13,246	13,246
	<u>337,827</u>	<u>326,816</u>
Less accumulated depreciation	<u>312,864</u>	<u>310,298</u>
Net Property and Equipment	<u>\$ 24,963</u>	<u>\$ 16,518</u>

Depreciation expense was \$4,976 and \$2,569 for the years ended December 31, 2017 and 2016, respectively.

NOTE 6 - 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, 2017 and 2016, 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, 2017 and 2016, was \$183,772 and \$182,888, 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 7 - 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 \$146,151 and \$144,324 for the years ended December 31, 2017 and 2016, respectively.

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

2018	\$ 146,151
2019	146,151
2020	<u>97,433</u>
Total Minimum Lease Payments	<u>\$ 389,735</u>

NOTE 8 - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2017 and 2016, the Organization paid \$1,060 and \$23,794, 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, 2017 and 2016. The Organization's former Executive Director was a member of LARCC's Board of Directors prior to its dissolution in June 2016.

NOTE 9 - 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, 2017 and 2016.

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represents a contribution from one donor in the amount of \$692,238, which has both time and purpose restrictions. As of December 31, 2017, the balance of this contribution due in future periods is \$515,021. There were no temporarily restricted net assets as of December 31, 2016.

NOTE 11 - 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 12 - 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, 2017 and 2016, is as follows:

	<u>2017</u>	<u>2016</u>
Grants and contracts:		
Connecticut Bar Foundation	\$ 2,315,210	\$ 2,190,059
Office of Victim Services (through Connecticut Legal Services, Inc.)	233,072	133,501
Yale Law School	219,283	150,855
State Public Defender	158,679	195,125
State of CT Department of Social Services (through Connecticut Legal Services, Inc.)	122,189	125,002
Others	113,052	66,696
Technology Project	102,755	107,934
Skadden Fellowship Foundation	60,981	21,079
Area Agency on Aging (Title III)	48,085	48,085
Immigrant Justice Corps Fellow	23,521	-
TIG (through Statewide Legal Services, Inc.)	13,499	7,578
State of CT Court Support Services (through Connecticut Legal Services, Inc.)	-	112,697
State of CT Judicial Branch - MSW Social Worker	-	66,191
LawyersCorp Connecticut	-	51,525
Yale New Haven Hospital	-	11,664
State of CT Department of Economic & Comm Dev. (through Connecticut Legal Services, Inc.)	-	5,942
Total grants and contracts	<u>3,410,326</u>	<u>3,293,933</u>
Contributions:		
Individuals and others	352,076	415,673
Connecticut Bar Foundation	313,483	358,119
Community Foundation for Greater New Haven	59,562	61,666
Equal Justice America	4,802	8,637
Connecticut Health Foundation	-	10,000
Tow Foundation	-	6,250
United Way Agencies	-	1,000
Total contributions	<u>729,923</u>	<u>861,345</u>
	<u>\$ 4,140,249</u>	<u>\$ 4,155,278</u>

Connecticut Bar Foundation

The Organization receives funds from the CBF's 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, 2017 and 2016, the Organization received \$306,914 and \$358,119, 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, 2017 and 2016, the Organization received \$231,946 and \$242,384, respectively, from the JBGIA program and \$2,083,264 and \$1,947,675, 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, 2017 and 2016, 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, 2017 and 2016, the Organization recognized revenue under the following programs:

	<u>2017</u>	<u>2016</u>
Victims of Crime Act (federal)	\$ 233,072	\$ 133,501
Social Service Block Grant (federal and state)	<u>122,189</u>	<u>125,002</u>
	<u>\$ 355,261</u>	<u>\$ 258,503</u>

The Organization has 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 years ended December 31, 2017 and 2016, the Organization provided matching funds of \$56,640 and \$33,374, respectively.

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, 2017 and 2016.

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, 2017 and 2016, the Organization recognized revenues of \$158,679 and \$195,125, 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 each of the years ended December 31, 2017 and 2016 was \$48,085. 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 each of the years ended December 31, 2017 and 2016, the Organization provided matching funds of \$16,028.

BlumShapiro

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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, 2017 and 2016, and our report thereon dated June 5, 2018, 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 #025-18-C, schedule of income, expenses and budget comparisons - Grant #025-17-C, State of Connecticut Department of Social Services statement of comparative analysis of program costs and the schedule of 2017 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
June 5, 2018

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

SCHEDULE OF ACTIVITIES BY PROGRAM FOR THE YEAR ENDED DECEMBER 31, 2017

	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
Changes in Unrestricted Net Assets							
Support and revenues:							
Grants and contracts	\$ 122,189	\$ 48,085	\$ 158,679	\$ 233,072	\$ 2,315,210	\$ 533,091	\$ 3,410,326
Contributions	-	-	-	-	313,483	416,440	729,923
Donated goods and services	-	-	-	-	-	79,655	79,655
Court awards	-	-	-	-	-	39,950	39,950
Total support and revenues	<u>122,189</u>	<u>48,085</u>	<u>158,679</u>	<u>233,072</u>	<u>2,628,693</u>	<u>1,069,136</u>	<u>4,259,854</u>
Expenses:							
Personnel expenses:							
Salaries	75,208	30,267	115,085	169,489	1,645,395	577,461	2,612,905
Employee benefits	28,342	12,024	43,594	63,583	624,399	220,393	992,335
Total personnel expenses	<u>103,550</u>	<u>42,291</u>	<u>158,679</u>	<u>233,072</u>	<u>2,269,794</u>	<u>797,854</u>	<u>3,605,240</u>
Nonpersonnel expenses:							
Occupancy	10,898	2,590	-	-	168,002	55,623	237,113
Contractual services	724	1,098	-	-	83,164	40,205	125,191
Lobbying	-	-	-	-	-	88,163	88,163
Donated services	-	-	-	-	-	79,655	79,655
Office expenses	2,157	598	-	-	30,838	45,037	78,630
Technical literature	1,926	589	-	-	32,542	8,399	43,456
Travel	1,422	410	-	-	19,936	7,616	29,384
Membership and dues	568	177	-	-	10,142	3,321	14,208
Other expenses	493	121	-	-	7,307	2,779	10,700
Occupation tax	-	96	-	-	-	9,509	9,605
Legal costs	332	90	-	-	5,427	2,147	7,996
Depreciation	-	-	-	-	-	4,976	4,976
Work study	-	-	-	-	-	4,802	4,802
Training and education	119	25	-	-	1,541	503	2,188
Total nonpersonnel expenses	<u>18,639</u>	<u>5,794</u>	<u>-</u>	<u>-</u>	<u>358,899</u>	<u>352,735</u>	<u>736,067</u>
Total expenses	<u>122,189</u>	<u>48,085</u>	<u>158,679</u>	<u>233,072</u>	<u>2,628,693</u>	<u>1,150,589</u>	<u>4,341,307</u>
Change in Unrestricted Net Assets before							
Other Changes in Unrestricted Net Assets	-	-	-	-	-	(81,453)	(81,453)
Other Changes in Unrestricted Net Assets							
Interest and dividends	-	-	-	-	-	2,512	2,512
Change in value of investments managed by others	-	-	-	-	-	165,609	165,609
	-	-	-	-	-	168,121	168,121
Change in unrestricted net assets	-	-	-	-	-	86,668	86,668
Changes in Temporarily Restricted Net Assets							
Contributions	-	-	-	-	692,238	-	692,238
Change in Net Assets	-	-	-	-	692,238	86,668	778,906
Net Assets - Beginning of Year	-	-	-	-	-	2,153,597	2,153,597
Net Assets - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,238</u>	<u>\$ 2,240,265</u>	<u>\$ 2,932,503</u>

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

**AGENCY ON AGING OF SOUTH CENTRAL CONNECTICUT - GRANT #025-18-C
SCHEDULE OF INCOME, EXPENSES AND BUDGET COMPARISONS
GRANT PERIOD OCTOBER 1, 2017 THROUGH DECEMBER 31, 2017**

	<u>Budget</u>	<u>Expenses</u>	<u>Actual (Over) Under Budget</u>
Personnel salaries *	\$ 41,906	\$ 10,546	\$ 31,360
Fringe benefits	16,345	4,086	12,259
Travel	412	103	309
Rent	1,876	469	1,407
Telephone	212	53	159
Utilities	278	70	208
Equipment repairs and maintenance	242	61	181
Conferences and training	83	21	62
Contractual services	890	223	667
Insurance	278	70	208
Postage	76	19	57
Printing	77	-	77
Supplies	188	47	141
Dues and subscriptions	787	197	590
Audit fee	212	-	212
Other	251	63	188
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.

**AGENCY ON AGING OF SOUTH CENTRAL CONNECTICUT - GRANT #025-17-C
 SCHEDULE OF INCOME, EXPENSES AND BUDGET COMPARISONS
 GRANT PERIOD JANUARY 1, 2017 THROUGH SEPTEMBER 30, 2017**

	<u>Budget</u>	<u>Expenses</u>	<u>Actual (Over) Under Budget</u>
Personnel salaries *	\$ 41,657	\$ 30,208	\$ 11,449
Fringe benefits	16,662	12,083	4,579
Travel	409	409	-
Rent	1,866	1,866	-
Telephone	211	211	-
Utilities	265	265	-
Equipment repairs and maintenance	241	241	-
Conferences and training	83	83	-
Contractual services	885	885	-
Insurance	277	277	-
Postage	75	75	-
Printing	77	77	-
Supplies	187	187	-
Dues and subscriptions	759	759	-
Audit fee	211	211	-
Other	248	248	-
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.

STATE OF CONNECTICUT DEPARTMENT OF SOCIAL SERVICES GRANTS STATEMENT OF COMPARATIVE ANALYSIS OF PROGRAM COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

	#16DSS5001FZ/083-1FZ-SBG-02		
	Budget*	Actual	Over (Under) Budget
Contractual services:			
Independent audit	\$ 690	\$ 724	\$ (34)
Administration:			
Salaries	520	460	60
Fringe benefits	210	174	36
Total	<u>730</u>	<u>634</u>	<u>96</u>
Direct program staff:			
Salaries	75,446	74,748	698
Fringe benefits	30,371	28,169	2,202
Total	<u>105,817</u>	<u>102,917</u>	<u>2,900</u>
Other costs:			
Program rent	6,355	7,443	(1,088)
Consumable supplies	1,177	1,074	103
Travel and transportation	1,422	1,421	1
Utilities	1,170	1,057	113
Repairs and maintenance	836	1,433	(597)
Insurance	962	1,083	(121)
Other project expenses	4,577	4,403	174
Total	<u>16,499</u>	<u>17,914</u>	<u>(1,415)</u>
Program income	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Program Costs	\$ <u>123,736</u>	\$ <u>122,189</u>	\$ <u>1,547</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 2017 EXPENSES AND RELATED AWARDS -
CONNECTICUT BAR FOUNDATION PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Interest on Lawyers Trust Accounts</u>	<u>Judicial Branch Grants-in-Aid</u>	<u>Court Fees Grants-in-Aid</u>	<u>Bank of America</u>	<u>Total</u>
Changes in Unrestricted Net Assets					
Support and revenues:					
Grants and contracts	\$ -	\$ 231,946	\$ 2,083,264	\$ -	\$ 2,315,210
Contributions	306,914	-	-	6,569	313,483
Total support and revenues	<u>306,914</u>	<u>231,946</u>	<u>2,083,264</u>	<u>6,569</u>	<u>2,628,693</u>
Expenditures:					
Personnel expenses:					
Salaries	192,513	145,529	1,306,831	522	1,645,395
Employee benefits	73,049	55,238	495,915	197	624,399
Total personnel expenses	<u>265,562</u>	<u>200,767</u>	<u>1,802,746</u>	<u>719</u>	<u>2,269,794</u>
Nonpersonnel expenses:					
Space and occupancy	19,681	14,833	133,488	-	168,002
Contractual services	9,056	6,826	61,432	5,850	83,164
Miscellaneous	858	641	5,808	-	7,307
Technical literature	3,809	2,879	25,854	-	32,542
Travel	2,343	1,746	15,847	-	19,936
Office expenses	3,610	2,727	24,501	-	30,838
Memberships and dues	1,176	915	8,051	-	10,142
Litigation costs	637	478	4,312	-	5,427
Training and education	182	134	1,225	-	1,541
Total nonpersonnel expenses	<u>41,352</u>	<u>31,179</u>	<u>280,518</u>	<u>5,850</u>	<u>358,899</u>
Total expenses	<u>306,914</u>	<u>231,946</u>	<u>2,083,264</u>	<u>6,569</u>	<u>2,628,693</u>
Change in unrestricted net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Temporarily Restricted Net Assets					
Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>692,238</u>	<u>692,238</u>
Total Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,238</u>	<u>\$ 692,238</u>