

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020 AND 2019



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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., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 2020 financial statements referred to above present fairly, in all material respects, the financial position of New Haven Legal Assistance Association, Inc., as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements as of December 31, 2019 were audited by Blum, Shapiro & Company, P.C., whose partners and staff joined CliftonLarsonAllen LLP as of January 1, 2021 and has subsequently ceased operations. Blum, Shapiro & Company, P.C.'s report dated May 26, 2020 expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2020 schedule of activities by program, schedule of income, expenses and budget comparisons - Grant #025-18-C, schedule of income, expenses and budget comparisons - Grant #025-19-C, State of Connecticut Department of Social Services schedule of comparative analysis of program costs and the schedule of 2020 expenses and related awards - Connecticut Bar Foundation programs (together, "supplementary information") are presented for 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 audit 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. The 2019 supplementary information was subjected to the auditing procedures applied in the 2019 audit of the basic financial statements by Blum, Shapiro & Company, P.C., whose report on such information stated that it was fairly stated in all material respects in relation to the 2019 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 17, 2021 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.



West Hartford, Connecticut
May 17, 2021

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$ 1,737,453	\$ 1,328,513
Client trust deposits	17,980	8,978
Investments managed by others	1,380,753	1,185,678
Grants and contracts receivable	163,066	328,882
Contributions receivable	235,000	167,475
Other assets	<u>61,281</u>	<u>98,522</u>
Total current assets	3,595,533	3,118,048
Property and Equipment, Net of Accumulated Depreciation	<u>40,399</u>	<u>40,561</u>
Total Assets	<u>\$ 3,635,932</u>	<u>\$ 3,158,609</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 76,984	\$ 54,451
Client trust deposits	17,980	8,978
Deferred revenue	93,016	51,215
Accrued expenses	<u>276,893</u>	<u>197,697</u>
Total liabilities	<u>464,873</u>	<u>312,341</u>
Net Assets		
Without donor restrictions	2,561,109	2,354,255
With donor restrictions	<u>609,950</u>	<u>492,013</u>
Total net assets	<u>3,171,059</u>	<u>2,846,268</u>
Total Liabilities and Net Assets	<u>\$ 3,635,932</u>	<u>\$ 3,158,609</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Changes in Net Assets Without Donor Restrictions		
Support and revenues:		
Grants and contracts	\$ 2,839,709	\$ 3,397,384
Contributions	1,965,743	1,287,721
Donated goods and services	41,536	79,587
Court awards	-	12,050
Release from restriction	187,313	375,878
Total support and revenues	<u>5,034,301</u>	<u>5,152,620</u>
Expenses:		
Program services	4,373,176	4,567,099
Management and general	562,767	559,648
Fundraising	89,836	89,957
Total expenses	<u>5,025,779</u>	<u>5,216,704</u>
Change in Net Assets Without Donor Restrictions Before Other Changes in Net Assets Without Donor Restrictions	<u>8,522</u>	<u>(64,084)</u>
Other Changes in Net Assets Without Donor Restrictions		
Change in value of investments managed by others	195,075	167,551
Investment income	3,257	5,407
	<u>198,332</u>	<u>172,958</u>
Change in net assets without donor restrictions	<u>206,854</u>	<u>108,874</u>
Changes in Net Assets With Donor Restrictions		
Contributions	305,250	121,500
Release from restriction	(187,313)	(375,878)
Change in net assets with donor restrictions	<u>117,937</u>	<u>(254,378)</u>
Change in Net Assets	324,791	(145,504)
Net Assets - Beginning of Year	<u>2,846,268</u>	<u>2,991,772</u>
Net Assets - End of Year	<u>\$ 3,171,059</u>	<u>\$ 2,846,268</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 324,791	\$ (145,504)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,259	7,077
Change in investments managed by others	(195,075)	(167,551)
(Increase) decrease in operating assets:		
Grants and contracts receivable	165,816	(94,475)
Contributions receivable	(67,525)	359,388
Other assets	37,241	(23,520)
Increase (decrease) in operating liabilities:		
Accounts payable	22,533	19,763
Deferred revenue	41,801	(76,049)
Accrued expenses	79,196	9,235
Net cash provided by (used in) operating activities	<u>416,037</u>	<u>(111,636)</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment	<u>(7,097)</u>	<u>(19,404)</u>
Net cash used in investing activities	<u>(7,097)</u>	<u>(19,404)</u>
Net Increase (Decrease) in Cash	408,940	(131,040)
Cash - Beginning of Year	<u>1,328,513</u>	<u>1,459,553</u>
Cash - End of Year	<u>\$ 1,737,453</u>	<u>\$ 1,328,513</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, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel Expenses				
Salaries	\$ 2,685,026	\$ 364,781	\$ 58,231	\$ 3,108,038
Employee benefits	961,545	126,702	20,226	1,108,473
Total personnel expenses	<u>3,646,571</u>	<u>491,483</u>	<u>78,457</u>	<u>4,216,511</u>
Nonpersonnel Expenses				
Occupancy	311,098	43,816	6,994	361,908
Contractual services	49,675	5,349	854	55,878
Office expenses	75,324	10,482	1,673	87,479
Lobbying	151,518	-	-	151,518
Donated services	35,705	5,028	803	41,536
Travel	26,006	3,383	540	29,929
Technical literature	24,629	-	-	24,629
Legal costs	8,518	-	-	8,518
Membership and dues	11,320	1,594	255	13,169
Other expenses	5,346	753	120	6,219
Occupation tax	12,995	-	-	12,995
Training and education	5,730	-	-	5,730
Depreciation	6,240	879	140	7,259
Work study	2,501	-	-	2,501
Total nonpersonnel expenses	<u>726,605</u>	<u>71,284</u>	<u>11,379</u>	<u>809,268</u>
Total Functional Expenses	<u>\$ 4,373,176</u>	<u>\$ 562,767</u>	<u>\$ 89,836</u>	<u>\$ 5,025,779</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, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel Expenses				
Salaries	\$ 2,710,265	\$ 347,835	\$ 55,910	\$ 3,114,010
Employee benefits	<u>1,006,255</u>	<u>128,631</u>	<u>20,676</u>	<u>1,155,562</u>
Total personnel expenses	<u>3,716,520</u>	<u>476,466</u>	<u>76,586</u>	<u>4,269,572</u>
Nonpersonnel Expenses				
Occupancy	329,458	44,890	7,215	381,563
Contractual services	107,580	5,672	912	114,164
Office expenses	101,287	11,973	1,924	115,184
Lobbying	95,069	-	-	95,069
Donated services	68,720	9,363	1,505	79,588
Travel	43,965	5,730	921	50,616
Technical literature	26,830	-	-	26,830
Legal costs	19,505	-	-	19,505
Membership and dues	12,377	1,686	272	14,335
Other expenses	12,019	1,547	249	13,815
Occupation tax	12,995	-	-	12,995
Training and education	10,920	1,488	239	12,647
Depreciation	6,110	833	134	7,077
Work study	3,744	-	-	3,744
Total nonpersonnel expenses	<u>850,579</u>	<u>83,182</u>	<u>13,371</u>	<u>947,132</u>
Total Functional Expenses	<u>\$ 4,567,099</u>	<u>\$ 559,648</u>	<u>\$ 89,957</u>	<u>\$ 5,216,704</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 Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of the Organization are reported in the following net asset categories:

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors. As part of the budget process each year, the Board of Directors designates a portion of the net assets without donor restrictions for the purpose of establishing an operating reserve equal to three months of average operating cost. The Board retains the discretion to permit the use of some or all of the operating reserve if necessary to ensure continued operations of the Organization. Board-designated net assets as of December 31, 2020 and 2019 were \$1,317,769 and \$1,290,846, respectively.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure.

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. These amounts are reported in the statements of activities as increases or decreases in net assets without donor restrictions.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

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 funds without donor restrictions. 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 net assets without donor restrictions.

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.

Contributions, Including Government Grants and Contracts

In accordance with ASU 2018-08, certain governmental grants and contracts received by a not-for-profit, including certain awards to fund capital expenditures, are generally considered to be contributions rather than exchange transactions since there was not commensurate value transferred between the resource provider and the Organization. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

The Organization reports contributions of cash and other assets as donor 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying consolidated statements of financial position.

Conditional government grants and contracts not recognized as revenue as of December 31, 2020 and 2019 total \$2,823,453 and \$3,209,980, respectively. Government grants and contracts are conditioned on incurring qualified program expenses.

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 \$41,536 and \$79,587 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, 2020 and 2019, 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.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Functional Allocation of Expenses

The cost of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Certain categories or expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied and determined by management. The expenses that are allocated based upon time and effort include salaries and employee benefits, occupancy, contractual services, office expense, donated services, travel, membership and dues, other expenses, depreciation and training and education.

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.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through May 17, 2021, 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.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

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. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

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 value of the underlying assets held at year end.

There have been no changes in the methodologies used at December 31, 2020 and 2019.

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 following tables set forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of December 31, 2020 and 2019:

	2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments managed by others	\$ -	\$ 1,380,753	\$ -	\$ 1,380,753
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ 1,380,753</u>	<u>\$ -</u>	<u>\$ 1,380,753</u>

	2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments managed by others	\$ -	\$ 1,185,678	\$ -	\$ 1,185,678
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ 1,185,678</u>	<u>\$ -</u>	<u>\$ 1,185,678</u>

There were no transfers between levels of investments during the years ended December 31, 2020 and 2019.

Gains and losses (realized and unrealized) included in changes in net assets for the years ended December 31, 2020 and 2019 are reported as change in the value of investments managed by others on the statements of activities.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - GRANTS AND CONTRACTS RECEIVABLE

Receivables from grants and contracts as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Connecticut Legal Services, Inc.	\$ 129,151	\$ 160,250
Connecticut Bar Foundation	16,070	12,487
Agency on Aging of South Central Connecticut	15,345	3,185
The Community Foundation for Greater New Haven	2,500	10,212
Yale University	-	117,968
State of Connecticut - Public Defender's Office	-	16,030
Immigrant Justice Corps	-	8,750
	<hr/>	<hr/>
Grants and Contracts Receivable	\$ <u>163,066</u>	\$ <u>328,882</u>

For the years ended December 31, 2020 and 2019, the Organization received approximately 63% and 60% respectively 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

Contributions receivable in the amount of \$235,000 and \$167,475 as of December 31, 2020 and 2019, respectively, consists of outstanding pledges from various donors with time or purpose restrictions. The outstanding balance as of December 31, 2020 will be collected within the next year.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 228,013	\$ 220,916
Leasehold improvements	122,477	122,477
Other equipment	13,246	13,246
	<hr/>	<hr/>
	363,736	356,639
Less accumulated depreciation	<hr/>	<hr/>
	323,337	316,078
	<hr/>	<hr/>
Net Property and Equipment	\$ <u>40,399</u>	\$ <u>40,561</u>

Depreciation expense was \$7,259 and \$7,077 for the years ended December 31, 2020 and 2019, respectively.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2020 and 2019, 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, 2020 and 2019 was \$221,147 and \$221,163, 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 December 2029. The lease requires escalating monthly payments ranging from \$19,118 to \$24,196 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 \$269,126 and \$265,247 for the years ended December 31, 2020 and 2019, respectively.

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

Year Ending December 31

2021	\$	236,273
2022		243,331
2023		250,601
2024		258,089
2025		265,801
Thereafter		<u>846,029</u>
Total Minimum Lease Payments	\$	<u>2,100,124</u>

NOTE 8 - LINE OF CREDIT

The Organization has an available line of credit of \$150,000 that expires June 25, 2021 and bears interest at the bank's prime rate plus 2%. No amounts were outstanding under the line of credit as of December 31, 2020 and 2019.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,737,453	\$ 1,328,513
Investments managed by others	1,380,753	1,185,678
Grants and contracts receivable	163,066	328,882
Other assets	18,803	24,925
Total financial assets available within one year	<u>3,300,075</u>	<u>2,867,998</u>
Less amounts unavailable without Board's approval:		
Board-designated operating reserve	<u>(1,317,769)</u>	<u>(1,290,846)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 1,982,306</u>	<u>\$ 1,577,152</u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of weekly requirements in short-term investments. The Organization has a line of credit in the amount of \$150,000 that it could draw upon in the event of an unanticipated liquidity need. As part of the budget process each year, the Board of Directors designates a portion of the net assets without donor restrictions for the purpose of establishing an operating reserve equal to three months of average operating cost. The amount designated for the years ended December 31, 2020 and 2019 was \$1,317,769 and \$1,290,846, respectively. The Board retains the discretion to permit the use of some or all of the operating reserve if necessary to ensure continued operations of the Organization. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 and 2019 represents contributions from various donors that contain both time and purpose restrictions. As of December 31, 2020 and 2019, the balance of these contributions due in future periods was \$235,000 and \$167,475, respectively.

During the years ended December 31, 2020 and 2019, net assets with donor restrictions in the amount of \$187,313 and \$375,878, respectively, were released from restrictions by incurring expenses satisfying the purpose and time restrictions.

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 revenues without donor restrictions related to contributions, grants and contracts for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Grants and contracts:		
Connecticut Bar Foundation	\$ 1,715,451	\$ 2,151,499
Office of Victim Services (through Connecticut Legal Services, Inc.)	330,416	328,368
Yale Law School	272,137	250,702
State of CT Department of Social Services (through Connecticut Legal Services, Inc.)	117,549	118,255
Technology Project	102,209	121,130
Area Agency on Aging (Title III)	83,085	48,085
State Public Defender	68,450	144,280
Others	65,116	100,482
Immigrant Justice Corps Fellow	47,796	128,333
Graustein Memorial Fund	37,500	6,250
Total grants and contracts	<u>2,839,709</u>	<u>3,397,384</u>
Contributions:		
Small Business Administration	743,650	-
Connecticut Bar Foundation	554,329	605,069
Individuals and others	482,460	589,404
The Oechsle Family Foundation, Inc.	100,000	-
Community Foundation for Greater New Haven	66,438	201,002
Equal Justice America	2,501	3,746
Graustein Memorial Fund	16,365	-
The Children's Community Foundation of Connecticut	-	10,000
Total contributions	<u>1,965,743</u>	<u>1,409,221</u>
	<u>\$ 4,805,452</u>	<u>\$ 4,806,605</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, 2020 and 2019, the Organization received \$493,782 and \$454,275, respectively, of IOLTA funding. 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, 2020 and 2019, the Organization received \$208,924 and \$210,889, respectively, from the JBGIA program and \$1,506,527 and \$1,940,610, respectively, from the CFGIA program.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2020 and 2019, 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, 2020 and 2019, the Organization recognized revenue under the following programs:

	<u>2020</u>	<u>2019</u>
Victims of Crime Act (federal)	\$ 330,416	\$ 328,368
Social Service Block Grant (federal and state)	<u>117,549</u>	<u>118,255</u>
	<u>\$ 447,965</u>	<u>\$ 446,623</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, 2020 and 2019, the Organization provided matching funds of \$82,604 and \$82,092, 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, 2020 and 2019.

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, 2020 and 2019, the Organization recognized revenues of \$68,450 and \$144,280, respectively, under these contracts.

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, 2020 and 2019 was \$83,085 and \$48,085, 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, 2020 and 2019, the Organization provided matching funds of \$27,695 and \$12,021, respectively.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - CORONAVIRUS

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) to be a public health emergency. As a result of the spread of coronavirus, economic uncertainties have arisen which have resulted in significant volatility in the investment markets.

On March 10, 2020, Connecticut Governor Ned Lamont declared a Public Health and Civil Preparedness Emergency, resulting in cancellations of many fundraising events and other activities throughout the year. While the Organization was able to conduct some events and activities virtually, in person participation was limited through December 31, 2020. The Organization's future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's donors, employees, and clients, all of which cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic

NOTE 14 - PAYCHECK PROTECTON PROGRAM

On April 22, 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$743,650 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which management considers to be a conditional contribution under the governmental grant model. The contribution has a right of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary ranges during a measurement period. Management considers reviews of the application for forgiveness by the lender and the SBA as well as potential audits to be administrative in nature rather than barriers to entitlement. During the year ended December 31, 2020, the Organization recognized \$743,650 as contribution revenue based on the amount of qualifying expenditures incurred and employee headcount and salary levels maintained. On December 9, 2020, management received notification of full forgiveness by the SBA. The forgiveness of this loan is subject to audit by the SBA for a period of six years.

Subsequent to year end on February 8, 2021, the Organization received a second PPP loan of \$628,314 granted by the SBA under the CARES Act. The loan bears interest at a rate of 1% and will be due February 8, 2026. Under the PPP loan program, the Organization may apply for forgiveness of all or a portion of the loan based on the amount of qualifying expenses incurred during the 8- to 24-week period subsequent to receipt of funds. The amount of forgiveness, if any, is not known at the date the financial statements were available to be issued.

Supplementary Information

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

**SCHEDULE OF ACTIVITIES BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2020**

	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 Net Assets Without Donor Restrictions							
Support and revenues:							
Grants and contracts	\$ 117,549	\$ 83,085	\$ 68,450	\$ 330,416	\$ 1,715,451	\$ 524,758	\$ 2,839,709
Contributions	-	-	-	-	554,329	1,411,414	1,965,743
Donated goods and services	-	-	-	-	-	41,536	41,536
Court awards	-	-	-	-	-	-	-
Release from restriction	-	-	-	-	120,188	67,125	187,313
Total support and revenues	<u>117,549</u>	<u>83,085</u>	<u>68,450</u>	<u>330,416</u>	<u>2,389,968</u>	<u>2,044,833</u>	<u>5,034,301</u>
Expenses:							
Personnel expenses:							
Salaries	74,297	55,902	50,817	242,896	1,480,070	1,204,056	3,108,038
Employee benefits	26,121	19,151	17,633	87,520	542,183	415,865	1,108,473
Total personnel expenses	<u>100,418</u>	<u>75,053</u>	<u>68,450</u>	<u>330,416</u>	<u>2,022,253</u>	<u>1,619,921</u>	<u>4,216,511</u>
Nonpersonnel expenses:							
Occupancy	8,959	5,320	-	-	224,681	122,948	361,908
Contractual services	-	427	-	-	33,150	22,301	55,878
Office expenses	3,739	909	-	-	53,314	29,517	87,479
Donated services	-	-	-	-	-	41,536	41,536
Travel	1,788	369	-	-	19,786	6,136	28,079
Other expenses	2,124	893	-	-	30,968	184,626	218,611
Legal costs	521	114	-	-	5,816	2,067	8,518
Depreciation	-	-	-	-	-	7,259	7,259
Total nonpersonnel expenses	<u>17,131</u>	<u>8,032</u>	<u>-</u>	<u>-</u>	<u>367,715</u>	<u>416,390</u>	<u>809,268</u>
Total expenses	<u>117,549</u>	<u>83,085</u>	<u>68,450</u>	<u>330,416</u>	<u>2,389,968</u>	<u>2,036,311</u>	<u>5,025,779</u>
Change in Net Assets Without Donor Restrictions Before	-	-	-	-	-	8,522	8,522
Other Changes in Net Assets Without Donor Restrictions	-	-	-	-	-	-	-
Other Changes in Net Assets Without Donor Restrictions							
Change in value of investments managed by others	-	-	-	-	-	195,075	195,075
Interest and dividends	-	-	-	-	-	3,257	3,257
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,332</u>	<u>198,332</u>
Change in net assets without donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,854</u>	<u>206,854</u>
Changes in Net Assets With Donor Restrictions							
Contributions	-	-	-	-	-	305,250	305,250
Release from restriction	-	-	-	-	(120,188)	(67,125)	(187,313)
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,188)</u>	<u>238,125</u>	<u>117,937</u>
Change in Net Assets	-	-	-	-	(120,188)	444,979	324,791
Net Assets - Beginning of Year	-	-	-	-	370,513	2,475,755	2,846,268
Net Assets - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,325</u>	<u>\$ 2,920,734</u>	<u>\$ 3,171,059</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 JANUARY 1, 2020 THROUGH SEPTEMBER 30, 2020**

	<u>Budget</u>	<u>Expenses</u>	<u>Actual (Over) Under Budget</u>
Personnel salaries *	\$ 75,821	\$ 67,296	\$ 8,525
Fringe benefits	29,289	23,184	6,105
Travel	272	204	68
Rent	2,639	1,979	660
Telephone	169	127	42
Utilities	348	261	87
Equipment repairs and maintenance	307	230	77
Conferences and training	40	30	10
Contractual services	317	192	125
Insurance	256	192	64
Postage	61	46	15
Printing	73	61	12
Supplies	153	115	38
Dues and subscriptions	480	360	120
Audit fee	235	235	-
Other	320	240	80
Total costs	<u>110,780</u>	<u>94,752</u>	<u>16,028</u>
Less Title III funds:			
Nonfederal share	27,695	23,688	4,007
Federal share	<u>83,085</u>	<u>71,064</u>	<u>12,021</u>
Total Title III funds	<u>110,780</u>	<u>94,752</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 #025-19-C
SCHEDULE OF INCOME, EXPENSES AND BUDGET COMPARISONS
GRANT PERIOD OCTOBER 1, 2020 THROUGH DECEMBER 31, 2020**

	<u>Budget</u>	<u>Expenses</u>	<u>Actual (Over) Under Budget</u>
Personnel salaries *	\$ 42,162	\$ 9,263	\$ 32,899
Fringe benefits	16,022	3,005	13,017
Travel	264	165	99
Rent	2,770	2,098	672
Telephone	161	142	19
Utilities	390	276	114
Equipment repairs and maintenance	244	207	37
Conferences and training	98	25	73
Contractual services	254	-	254
Insurance	244	292	(48)
Postage	132	116	16
Printing	39	-	39
Supplies	205	87	118
Dues and subscriptions	293	237	56
Audit fee	234	-	234
Other	601	115	486
Total costs	<u>64,113</u>	<u>16,028</u>	<u>48,085</u>
Less Title III funds:			
Nonfederal 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
SCHEDULE OF COMPARATIVE ANALYSIS OF PROGRAM COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	#0831FZ-SBG-2/16DSS5000FZ & #018DSS5001FZ/093-1FZ-SBG-3		
	Budget*	Actual	(Over) Under Budget
Contractual services:			
Independent audit	\$ 602	\$ -	\$ 602
Administration:			
Salaries	548	429	119
Fringe benefits	211	151	60
Total	<u>759</u>	<u>580</u>	<u>179</u>
Direct program staff:			
Salaries	74,969	73,868	1,101
Fringe benefits	28,864	25,970	2,894
Total	<u>103,833</u>	<u>99,838</u>	<u>3,995</u>
Other costs:			
Program rent	6,506	7,405	(899)
Consumable supplies	680	2,026	(1,346)
Travel and transportation	645	1,788	(1,143)
Utilities	744	716	28
Repairs and maintenance	620	838	(218)
Insurance	633	1,713	(1,080)
Training and conference cost	149	73	76
Other project expenses	2,378	2,572	(194)
Total	<u>12,355</u>	<u>17,131</u>	<u>(4,776)</u>
Program income	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Program Costs	\$ <u>117,549</u>	\$ <u>117,549</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 2020 EXPENSES AND RELATED AWARDS -
CONNECTICUT BAR FOUNDATION PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Interest on Lawyers Trust Accounts	Judicial Branch Grants-in-Aid	Court Fees Grants-in-Aid	Bank of America	Singer Fellow	Total
Changes in Net Assets Without Donor Restrictions						
Support and revenues:						
Grants and contracts	\$ -	\$ 208,924	\$ 1,506,527	\$ -	\$ -	\$ 1,715,451
Contributions	493,782	-	-	-	60,547	554,329
Release from restriction	-	-	-	120,188	-	120,188
Total support and revenues	<u>493,782</u>	<u>208,924</u>	<u>1,506,527</u>	<u>120,188</u>	<u>60,547</u>	<u>2,389,968</u>
Expenditures:						
Personnel expenses:						
Salaries	304,180	128,702	926,162	72,588	48,438	1,480,070
Employee benefits	113,130	47,867	345,811	23,266	12,109	542,183
Total personnel expenses	<u>417,310</u>	<u>176,569</u>	<u>1,271,973</u>	<u>95,854</u>	<u>60,547</u>	<u>2,022,253</u>
Nonpersonnel expenses:						
Space and occupancy	43,823	18,542	133,819	13,280	-	209,464
Contractual services	6,770	2,865	21,280	2,235	-	33,150
Miscellaneous	640	271	1,956	1,444	-	4,311
Technical literature	3,545	1,499	10,948	1,119	-	17,111
Travel	4,024	1,702	12,393	1,852	-	19,971
Office expenses	14,498	6,134	44,412	3,487	-	68,531
Membership and dues	1,848	782	5,665	484	-	8,779
Litigation costs	1,211	512	3,726	367	-	5,816
Training and education	113	48	355	66	-	582
Total nonpersonnel expenses	<u>76,472</u>	<u>32,355</u>	<u>234,554</u>	<u>24,334</u>	<u>-</u>	<u>367,715</u>
Total expenses	<u>493,782</u>	<u>208,924</u>	<u>1,506,527</u>	<u>120,188</u>	<u>60,547</u>	<u>2,389,968</u>
Change in net assets without donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets With Donor Restrictions						
Contributions	-	-	-	-	-	-
Release from restrictions	-	-	-	(120,188)	-	(120,188)
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,188)</u>	<u>-</u>	<u>(120,188)</u>
Total Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,188)</u>	<u>\$ -</u>	<u>\$ (120,188)</u>

