

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2021 AND 2020



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YEARS ENDED DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of New Haven Legal Assistance Association, Inc. (the Association), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 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, 2021 and 2020, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Haven Legal Assistance Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Haven Legal Assistance Association, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 New Haven Legal Assistance Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Haven Legal Assistance Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The 2021 schedule of activities by program, schedule of income, expenses, and budget comparisons – Grant #025-21-C, schedule of income, expenses, and budget comparison – Grant #025-22-C, State of Connecticut Department of Social Services schedule of comparative analysis of program costs and the schedule of 2021 expenses and related awards – Connecticut Bar Foundation programs (together, supplementary information) is presented for purposes of additional analysis and is 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the 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 June 6, 2022, on our consideration of the Association’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 the Association’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 the Association’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
June 6, 2022

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,261,572	\$ 1,737,453
Client Trust Deposits	14,805	17,980
Investments Managed by Others	1,481,198	1,380,753
Grants and Contracts Receivable	188,474	163,066
Contributions Receivable	100,000	235,000
Other Assets	76,243	61,281
Total Current Assets	4,122,292	3,595,533
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION		
	32,603	40,399
Total Assets	\$ 4,154,895	\$ 3,635,932
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 92,358	\$ 76,984
Client Trust Deposits	14,805	17,980
Deferred Revenue	95,669	93,016
Accrued Expenses	286,806	276,893
Total Liabilities	489,638	464,873
NET ASSETS		
Without Donor Restrictions	3,267,164	2,561,109
With Donor Restrictions	398,093	609,950
Total Net Assets	3,665,257	3,171,059
Total Liabilities and Net Assets	\$ 4,154,895	\$ 3,635,932

See accompanying Notes to Financial Statements.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUES		
Grants and Contracts	\$ 3,179,561	\$ 2,839,709
Contributions	1,828,947	1,965,743
Donated Goods and Services	52,512	41,536
Release from Restriction	286,857	187,313
Total Support and Revenues	5,347,877	5,034,301
EXPENSES		
Program Services	4,086,940	4,373,176
Management and General	567,209	562,767
Fundraising	89,903	89,836
Total Expenses	4,744,052	5,025,779
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	603,825	8,522
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Change in Value of Investments Managed by Others	100,446	195,075
Investment Income	1,784	3,257
Total Other Changes in Net Assets Without Donor Restrictions	102,230	198,332
Change in Net Assets Without Donor Restrictions	706,055	206,854
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	75,000	305,250
Release from Restriction	(286,857)	(187,313)
Change in Net Assets With Donor Restrictions	(211,857)	117,937
CHANGE IN NET ASSETS	494,198	324,791
Net Assets - Beginning of Year	3,171,059	2,846,268
NET ASSETS - END OF YEAR	\$ 3,665,257	\$ 3,171,059

See accompanying Notes to Financial Statements.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 494,198	\$ 324,791
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	7,796	7,259
Change in Investments Managed by Others	(100,445)	(195,075)
(Increase) Decrease in Operating Assets:		
Grants and Contracts Receivable	(25,408)	165,816
Contributions Receivable	135,000	(67,525)
Other Assets	(14,962)	37,241
Increase in Operating Liabilities:		
Accounts Payable	15,374	22,533
Deferred Revenue	2,653	41,801
Accrued Expenses	9,913	79,196
Net Cash Provided by Operating Activities	524,119	416,037
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	-	(7,097)
Net Cash Provided (Used) by Investing Activities	-	(7,097)
NET INCREASE IN CASH	524,119	408,940
Cash - Beginning of Year	1,737,453	1,328,513
CASH - END OF YEAR	\$ 2,261,572	\$ 1,737,453

See accompanying Notes to Financial Statements.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
Personnel Expenses:				
Salaries	\$ 2,493,793	\$ 366,926	\$ 58,158	\$ 2,918,877
Employee Benefits	902,468	128,460	20,361	1,051,289
Total Personnel Expenses	<u>3,396,261</u>	<u>495,386</u>	<u>78,519</u>	<u>3,970,166</u>
Nonpersonnel Expenses:				
Occupancy	320,445	49,310	7,816	377,571
Lobbying	122,578	-	-	122,578
Office Expenses	84,110	7,499	1,188	92,797
Donated Services	44,567	6,858	1,087	52,512
Contractual Services	39,567	4,124	653	44,344
Technical Literature	20,954	-	-	20,954
Membership and Dues	11,222	1,726	274	13,222
Occupation Tax	10,264	-	-	10,264
Travel	8,059	1,240	197	9,496
Depreciation	6,617	1,018	161	7,796
Other Expenses	7,658	48	8	7,714
Legal Costs	7,612	-	-	7,612
Work Study	6,217	-	-	6,217
Training and Education	809	-	-	809
Total Nonpersonnel Expenses	<u>690,679</u>	<u>71,823</u>	<u>11,384</u>	<u>773,886</u>
Total Functional Expenses	<u>\$ 4,086,940</u>	<u>\$ 567,209</u>	<u>\$ 89,903</u>	<u>\$ 4,744,052</u>

See accompanying Notes to Financial Statements.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	Total
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
Lobbying	151,518	-	-	151,518
Office Expenses	75,324	10,482	1,673	87,479
Donated Services	35,705	5,028	803	41,536
Contractual Services	49,675	5,349	854	55,878
Technical Literature	24,629	-	-	24,629
Membership and Dues	11,320	1,594	255	13,169
Occupation Tax	12,995	-	-	12,995
Travel	26,006	3,383	540	29,929
Depreciation	6,240	879	140	7,259
Other Expenses	5,346	753	120	6,219
Legal Costs	8,518	-	-	8,518
Work Study	2,501	-	-	2,501
Training and Education	5,730	-	-	5,730
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>

See accompanying Notes to Financial Statements.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 (U.S. 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, 2021 and 2020 were \$1,169,875 and \$1,317,769, 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 U.S. 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.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation and Income Recognition (Continued)

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.

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 non-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 statements of financial position.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Including Government Grants and Contracts (Continued)

Conditional government grants and contracts not recognized as revenue as of December 31, 2021 and 2020 total \$2,860,887 and \$2,823,453, 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 \$52,512 and \$41,536 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, 2021 and 2020, 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 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 June 6, 2022, which represents the date the financial statements were available to be issued.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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. 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, 2021 and 2020.

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
DECEMBER 31, 2021 AND 2020

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Investments Managed by Others	\$ -	\$ 1,481,198	\$ -	\$ 1,481,198
Total Assets at Fair Values	\$ -	\$ 1,481,198	\$ -	\$ 1,481,198
	2020			
	Level 1	Level 2	Level 3	Total
Investments Managed by Others	\$ -	\$ 1,380,753	\$ -	\$ 1,380,753
Total Assets at Fair Values	\$ -	\$ 1,380,753	\$ -	\$ 1,380,753

There were no transfers between levels of investments during the years ended December 31, 2021 and 2020.

Gains and losses (realized and unrealized) included in changes in net assets for the years ended December 31, 2021 and 2020 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, 2021 and 2020 and consisted of the following:

	2021	2020
Connecticut Legal Services, Inc.	\$ 147,710	\$ 129,151
Connecticut Bar Foundation	17,646	16,070
Statewide Legal Services	6,252	-
Agency on Aging of South Central Connecticut	1,866	15,345
The Community Foundation for Greater New Haven	-	2,500
Town of Hamden	15,000	-
Grants and Contracts Receivable	\$ 188,474	\$ 163,066

For the years ended December 31, 2021 and 2020, the Organization received approximately 57% and 63%, respectively, of its grants and contract 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.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 CONTRIBUTION RECEIVABLE

Contributions receivable in the amount of \$0 and \$235,000 as of December 31, 2021 and 2020, respectively, consists of outstanding pledges from various donors with time or purpose restrictions.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2021	2020
Furniture and Equipment	\$ 228,013	\$ 228,013
Leasehold Improvements	122,477	122,477
Other Equipment	13,246	13,246
Total	<u>363,736</u>	<u>363,736</u>
Less: Accumulated Depreciation	331,133	323,337
Net Property and Equipment	<u>\$ 32,603</u>	<u>\$ 40,399</u>

Depreciation expense was \$7,796 and \$7,259 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020 was \$209,508 and \$221,147, 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.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 \$266,396 and \$269,126 for the years ended December 31, 2021 and 2020, respectively.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 243,331
2023	250,601
2024	258,089
2025	265,801
2026	273,745
Thereafter	572,284
Total Minimum Lease Payments	<u>\$ 1,863,851</u>

NOTE 8 LINE OF CREDIT

The Organization has an available line of credit of \$150,000 that expires June 25, 2023 and bears interest at the bank's prime rate plus 2%. No amounts were outstanding under the line of credit as of December 31, 2021 and 2020.

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>2021</u>	<u>2020</u>
Cash	\$ 2,261,572	\$ 1,737,453
Investments Managed by Others	1,481,198	1,380,753
Grants and Contracts Receivable	188,474	163,066
Other Assets	76,243	18,803
Total Financial Assets Available Within One Year	4,007,487	3,300,075
Less Amounts Unavailable Without Board's Approval:		
Board Designated Operating Reserve	(1,169,875)	(1,317,769)
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 2,837,612</u>	<u>\$ 1,982,306</u>

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 9 LIQUIDITY AND AVAILABILITY OF RESOURCES

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, 2021 and 2020 was \$1,169,875 and \$1,317,769, 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, 2021 and 2020 represents contributions from various donors that contain both time and purpose restrictions. As of December 31, 2021 and 2020, the balance of these contributions due in future periods was \$100,000 and \$235,000, respectively.

During the years ended December 31, 2021 and 2020, net assets with donor restrictions in the amount of \$286,857 and \$187,313, 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
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 is as follows:

	2021	2020
Grants and Contracts:		
Connecticut Bar Foundation	\$ 1,834,750	\$ 1,715,451
Office of Victim Services (through Connecticut Legal Services, Inc.)	398,389	330,416
Yale Law School	231,157	272,137
Unite CT (through Connecticut Legal Services, Inc.)	152,586	-
State of CT Department of Social Services (through Connecticut Legal Services, Inc.)	117,541	117,549
Others	117,121	65,116
Technology Project	102,322	102,209
State Public Defender	65,110	68,450
Area Agency on Aging (Title III)	48,085	83,085
City of Hartford	47,500	-
Graustein Memorial Fund	37,500	37,500
Hamden Community Development Block Grant	27,500	-
Immigrant Justice Corps Fellow	-	47,796
Total Grants and Contracts	3,179,561	2,839,709
Contributions:		
Individuals and Others	700,686	482,460
Small Business Administration	628,314	743,650
Connecticut Bar Foundation	426,681	554,329
Community Foundation for Greater New Haven	66,481	66,438
The Children's Community Programs	4,000	-
Equal Justice America	2,785	2,501
The Oechsle Family Foundation, Inc.	-	100,000
Graustein Memorial Fund	-	16,365
Total Contributions	1,828,947	1,965,743
Total	\$ 5,008,508	\$ 4,805,452

**NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 12 PRINCIPAL FUNDING SOURCES (CONTINUED)

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, 2021 and 2020, the Organization received \$359,800 and \$493,782, 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, 2021 and 2020, the Organization received \$216,772 and \$208,924, respectively, from the JBGIA program and \$1,617,978 and \$1,506,527, 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, 2021 and 2020, 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, 2021 and 2020, the Organization recognized revenue under the following programs:

	2021	2020
Victims of Crime Act (Federal)	\$ 398,389	\$ 330,416
Social Service Block Grant (Federal and State)	117,541	117,549
UniteCT (Federal)	152,586	-
Total	\$ 668,516	\$ 447,965

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, 2021 and 2020, the Organization provided matching funds of \$45,812 and \$82,604, respectively.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 12 PRINCIPAL FUNDING SOURCES (CONTINUED)

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, 2021 and 2020.

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, 2021 and 2020, the Organization recognized revenues of \$65,110 and \$68,450, 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, 2021 and 2020 was \$48,085 and \$83,085, 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, 2021 and 2020, the Organization provided matching funds of \$16,028 and \$27,695, respectively.

NOTE 13 PAYCHECK PROTECTION 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.

On February 8, 2021, the Organization received a second PPP loan of \$628,314 granted by the SBA under the CARES Act. Upon receipt of funds, management considered the PPP to be a conditional contribution as identified above and recognized 628,314 as contribution revenue based upon the amount of qualifying expenditures incurred and employee headcount and salary levels maintained. On July 14, 2021, management received notification of fund forgiveness by the SBA.

The forgiveness of these loans is subject to audit by the SBA for a period of six years.

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
SCHEDULE OF ACTIVITIES BY PROGRAM
DECEMBER 31, 2021 AND 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	\$ 117,541	\$ 48,085	\$ 65,110	\$ 398,389	\$ 1,834,750	\$ 715,686	\$ 3,179,561
Contributions	-	-	-	-	419,881	1,409,066	1,828,947
Donated Goods and Services	-	-	-	-	-	52,512	52,512
Release From Restriction	-	-	-	-	56,607	230,250	286,857
Total Support and Revenues	<u>117,541</u>	<u>48,085</u>	<u>65,110</u>	<u>398,389</u>	<u>2,311,238</u>	<u>2,407,514</u>	<u>5,347,877</u>
EXPENSES							
Personnel Expenses:							
Salaries	77,886	32,216	48,742	296,011	1,408,402	1,055,620	2,918,877
Employee Benefits	27,224	12,442	16,368	102,378	557,473	335,404	1,051,289
Total Personnel Expenses	<u>105,110</u>	<u>44,658</u>	<u>65,110</u>	<u>398,389</u>	<u>1,965,875</u>	<u>1,391,024</u>	<u>3,970,166</u>
Nonpersonnel Expenses:							
Occupancy	8,339	1,897	-	-	233,601	133,734	377,571
Contractual Services	589	259	-	-	22,491	21,005	44,344
Office Expenses	1,229	307	-	-	50,916	40,345	92,797
Donated Services	-	-	-	-	-	52,512	52,512
Travel	437	191	-	-	5,320	3,548	9,496
Other Expenses	1,758	773	-	-	28,460	150,767	181,758
Legal Costs	79	-	-	-	4,575	2,958	7,612
Depreciation	-	-	-	-	-	7,796	7,796
Total Nonpersonnel Expenses	<u>12,431</u>	<u>3,427</u>	<u>-</u>	<u>-</u>	<u>345,363</u>	<u>412,665</u>	<u>773,886</u>
Total Expenses	<u>117,541</u>	<u>48,085</u>	<u>65,110</u>	<u>398,389</u>	<u>2,311,238</u>	<u>1,803,689</u>	<u>4,744,052</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	-	-	-	-	-	603,825	603,825
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS							
Change in Value of Investments Managed by Others	-	-	-	-	-	100,446	100,446
Interest and Dividends	-	-	-	-	-	1,784	1,784
Total Other Changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,230</u>	<u>102,230</u>
Change in Net Assets Without Donor Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>706,055</u>	<u>706,055</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS							
Contributions	-	-	-	-	-	75,000	75,000
Release from Restriction	-	-	-	-	(56,607)	(230,250)	(286,857)
Change in Net Assets With Donor Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,607)</u>	<u>(155,250)</u>	<u>(211,857)</u>
CHANGE IN NET ASSETS	-	-	-	-	(56,607)	550,805	494,198
Net Assets - Beginning of Year	-	-	-	-	250,325	2,920,734	3,171,059
NET ASSETS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,718</u>	<u>\$ 3,471,539</u>	<u>\$ 3,665,257</u>

NEW HAVEN LEGAL ASSISTANCE ASSOCIATION, INC.
AGENCY ON AGING OF SOUTH CENTRAL CONNECTICUT – GRANT #025-22-C
SCHEDULE OF INCOME, EXPENSES AND BUDGET COMPARISONS
GRANT PERIOD JANUARY 1, 2021 THROUGH SEPTEMBER 20, 2021

	<u>Budget</u>	<u>Expenses</u>	Actual (Over) Under <u>Budget</u>
Personnel Salaries *	\$ 42,350	\$ 10,775	\$ 31,575
Fringe Benefits	14,875	3,708	11,167
Travel	497	124	373
Rent	3,331	833	2,498
Telephone	182	46	136
Utilities	429	107	322
Equipment Repairs and Maintenance	276	69	207
Conferences and Training	94	24	70
Contractual Services	287	6	281
Insurance	309	77	232
Postage	165	41	124
Printing	6	-	6
Supplies	221	55	166
Dues and Subscriptions	290	73	217
Audit Fee	287	-	287
Other	514	90	424
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.
AGENCY ON AGING OF SOUTH CENTRAL CONNECTICUT – GRANT #025-21-C
SCHEDULE OF INCOME, EXPENSES AND BUDGET COMPARISONS
GRANT PERIOD OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021

	<u>Budget</u>	<u>Expenses</u>	Actual (Over) Under <u>Budget</u>
Personnel Salaries *	\$ 42,162	\$ 33,186	\$ 8,976
Fringe Benefits	16,022	13,017	3,005
Travel	264	67	197
Rent	2,770	672	2,098
Telephone	161	19	142
Utilities	390	114	276
Equipment Repairs and Maintenance	244	37	207
Conferences and Training	98	44	54
Contractual Services	254	19	235
Insurance	244	-	244
Postage	132	16	116
Printing	39	-	39
Supplies	205	118	87
Dues and Subscriptions	293	56	237
Audit Fee	234	234	-
Other	601	486	115
Total Costs	<u>64,113</u>	<u>48,085</u>	<u>16,028</u>
Less Title III Funds:			
Nonfederal Share	16,028	12,021	4,007
Federal Share	48,085	36,064	12,021
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>\$ -</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
YEAR ENDED DECEMBER 31, 2021

	#0831FZ-SBG-2/16DSS5000FZ and #018DSS5001FZ/093-1FZ-SBG-3		
	<u>Budget*</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Contractual Services:			
Independent Audit	\$ 607	\$ 589	\$ 18
Other	-	-	-
Total	<u>607</u>	<u>589</u>	<u>18</u>
Administration:			
Salaries	561	741	(180)
Fringe Benefits	212	252	(40)
Total	<u>773</u>	<u>993</u>	<u>(220)</u>
Direct Program Staff:			
Salaries	75,505	77,145	(1,640)
Fringe Benefits	28,596	26,972	1,624
Total	<u>104,101</u>	<u>104,117</u>	<u>(16)</u>
Other Costs:			
Program Rent	6,345	6,852	(507)
Consumable Supplies	682	738	(56)
Travel and Transportation	689	437	252
Utilities	784	805	(21)
Repairs and Maintenance	569	682	(113)
Insurance	629	491	138
Training and Conference Cost	120	81	39
Other Project Expenses	2,246	1,760	486
Total	<u>12,064</u>	<u>11,846</u>	<u>218</u>
Program Income	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Program Costs	<u><u>\$ 117,545</u></u>	<u><u>\$ 117,545</u></u>	<u><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 EXPENSES AND RELATED AWARDS
CONNECTICUT BAR FOUNDATION PROGRAMS
YEARS ENDED DECEMBER 31, 2021

	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	\$ -	\$ 216,772	\$ 1,617,978	\$ -	\$ -	\$ 1,834,750
Contributions	359,800	-	-	-	60,081	419,881
Release from Restriction	-	-	-	56,607	-	56,607
Total Support and Revenues	<u>359,800</u>	<u>216,772</u>	<u>1,617,978</u>	<u>56,607</u>	<u>60,081</u>	<u>2,311,238</u>
EXPENDITURES						
Personnel Expenses:						
Salaries	216,167	131,157	971,734	41,280	48,064	1,408,402
Employee Benefits	87,054	52,142	391,583	14,677	12,017	557,473
Total Personnel Expenses	<u>303,221</u>	<u>183,299</u>	<u>1,363,317</u>	<u>55,957</u>	<u>60,081</u>	<u>1,965,875</u>
Nonpersonnel Expenses:						
Space and Occupancy	35,925	21,372	161,651	-	-	218,948
Contractual Services	3,703	2,084	16,705	-	-	22,492
Miscellaneous	599	356	2,694	-	-	3,649
Technical Literature	2,236	1,304	10,074	-	-	13,614
Travel	1,000	621	4,490	650	-	6,761
Office Expenses	10,761	6,375	48,434	-	-	65,570
Membership and Dues	1,547	871	6,981	-	-	9,399
Litigation Costs	750	452	3,373	-	-	4,575
Training and Education	58	38	259	-	-	355
Total Nonpersonnel Expenses	<u>56,579</u>	<u>33,473</u>	<u>254,661</u>	<u>650</u>	<u>-</u>	<u>345,363</u>
Total Expenses	<u>359,800</u>	<u>216,772</u>	<u>1,617,978</u>	<u>56,607</u>	<u>60,081</u>	<u>2,311,238</u>
Change in Net Assets Without Donor Restrictions	-	-	-	-	-	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS						
Contributions	-	-	-	-	-	-
Release from Restrictions	-	-	-	(56,607)	-	(56,607)
Change in Net Assets With Donor Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,607)</u>	<u>-</u>	<u>(56,607)</u>
Total Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,607)</u>	<u>\$ -</u>	<u>\$ (56,607)</u>