

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

**FINANCIAL STATEMENTS
and
SUPPLEMENTAL INFORMATION**

DECEMBER 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Neighborhood Legal Services
of Los Angeles County

Opinion

We have audited the accompanying financial statements of Neighborhood Legal Services of Los Angeles County (a nonprofit organization), 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 Neighborhood Legal Services of Los Angeles County 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 Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Neighborhood Legal Services of Los Angeles County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Neighborhood Legal Services of Los Angeles County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. 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 generally accepted 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, including omissions, 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.

INDEPENDENT AUDITORS' REPORT

continued

In performing an audit in accordance with generally accepted 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 Neighborhood Legal Services of Los Angeles County'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 Neighborhood Legal Services of Los Angeles County'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.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Revenue, Support, Expenses, and Changes in Net Assets for Legal Services Corporation ("LSC") Funds, and Schedule of Revenue, Support, and Expenses by Grant, are presented for purposes of additional analysis as required by LSC *Audit Guide for Recipients*, 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.

Report on Summarized Comparative Information

We have previously audited Neighborhood Legal Services of Los Angeles County's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

INDEPENDENT AUDITORS' REPORT

continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2022, on our consideration of Neighborhood Legal Services of Los Angeles County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Neighborhood Legal Services of Los Angeles County'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 Neighborhood Legal Services of Los Angeles County's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California

April 28, 2022

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 880,509	\$ 1,558,620
Client trust deposits (Note 2)	<u>1,007,073</u>	<u>776,745</u>
Total cash	1,887,582	2,335,365
Grants and other receivables	5,728,194	4,479,198
Pledges receivable, net (Note 4)	3,633	17,168
Prepaid expenses and deposits	162,180	129,981
Investments (Note 5)	6,265,711	6,010,407
Property and equipment (Note 6)	<u>2,390,142</u>	<u>2,512,455</u>
TOTAL ASSETS	<u>\$ 16,437,442</u>	<u>\$ 15,484,574</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 2,359,104	\$ 1,850,765
Accrued liabilities (Note 7)	1,761,679	1,496,433
Accrued unemployment liability (Note 8)	190,031	186,817
Deferred revenue	2,009,567	1,971,398
Deferred revenue - LSC basic field grant (Note 2)	1,999,322	2,191,132
Line of credit (Note 9)	-	-
Notes payable (Note 10)	-	8,589
Paycheck protection program loan (Note 11)	<u>-</u>	<u>1,706,800</u>
TOTAL LIABILITIES	<u>8,319,703</u>	<u>9,411,934</u>
NET ASSETS		
Without donor restrictions	6,624,586	4,698,279
Without donor restrictions-board designated (Note 13)	1,044,977	1,044,977
With donor restrictions (Note 13)	<u>448,176</u>	<u>329,384</u>
TOTAL NET ASSETS	<u>8,117,739</u>	<u>6,072,640</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,437,442</u>	<u>\$ 15,484,574</u>

The accompanying notes are an integral part of these financial statements.

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2021 and 2020

	December 31, 2021			December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Government contracts (Note 15)	\$ 14,220,612	\$ 5,541,875	\$ 19,762,487	\$ 12,801,233	\$ 3,485,663	\$ 16,286,896
Foundations	1,777,408		1,777,408	699,887		699,887
Donated materials and services (Note 2)	789,681		789,681	967,932		967,932
Contributions	321,209	278,235	599,444	1,309,530	50,898	1,360,428
Attorney fees and costs	489,854		489,854	538,085		538,085
Special event (net of expense of \$60,882)	129,895		129,895			-
Fellowship income	56,381		56,381	134,519		134,519
Rental income	45,748		45,748	64,586		64,586
Other revenue	2,500		2,500	6,754		6,754
Legal services exchanged for reduction of debt	8,589		8,589	9,272		9,272
Income from investments	1,540		1,540	21,782		21,782
Net assets released from restrictions (Note 13)	5,701,318	(5,701,318)	-	3,559,265	(3,559,265)	-
TOTAL REVENUE AND SUPPORT	23,544,735	118,792	23,663,527	20,112,845	(22,704)	20,090,141
Program services	20,482,657		20,482,657	17,784,026		17,784,026
Management and general	2,418,852		2,418,852	2,113,398		2,113,398
Fundraising	436,653		436,653	362,184		362,184
TOTAL EXPENSES	23,338,162	-	23,338,162	20,259,608	-	20,259,608
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	206,573	118,792	325,365	(146,763)	(22,704)	(169,467)
OTHER CHANGES						
Forgiveness of paycheck protection program loan (Note 11)	1,719,734		1,719,734	-		-
CHANGE IN NET ASSETS	1,926,307	118,792	2,045,099	(146,763)	(22,704)	(169,467)
NET ASSETS, BEGINNING OF YEAR	5,743,256	329,384	6,072,640	5,890,019	352,088	6,242,107
NET ASSETS, END OF YEAR	\$ 7,669,563	\$ 448,176	\$ 8,117,739	\$ 5,743,256	\$ 329,384	\$ 6,072,640

The accompanying notes are an integral part of these financial statements.

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	Program Services									Total Program Services	Management and General	Fundraising	Total Expenses
	General Legal Services	Housing and Eviction Defense	Self Help Centers	Health	Medical Legal Community Partnership	Domestic Violence	Antelope Valley	Clean Slate Initiative	Disaster Relief				
Salaries and wages	\$ 4,049,956	\$ 1,765,223	\$ 1,150,450	\$ 1,179,813	\$ 616,788	\$ 837,690	\$ 268,517	\$ 108,532	\$ 290,357	\$ 10,267,326	\$ 1,540,641	\$ 219,210	\$ 12,027,177
Payroll taxes and employee benefits	1,082,477	519,286	334,784	344,598	182,182	246,966	78,695	32,044	86,022	2,907,054	514,256	64,156	3,485,466
Total personnel costs	5,132,433	2,284,509	1,485,234	1,524,411	798,970	1,084,656	347,212	140,576	376,379	13,174,380	2,054,897	283,366	15,512,643
Sub-grants	334,069	2,452,903	976,922	77,318	871,388					4,712,600			4,712,600
Donated materials and services (Note 2)	255,002	94,446	116,980	176,300	34,500	69,353	2,700	40,400		789,681			789,681
Occupancy	260,876	49,933	1,250	28,957	17,120	21,777	5,589		3,265	388,767	62,206	5,867	456,840
Professional fees	216,358	8,606	7,848	6,406	8,281	2,383		(461)	4,567	253,988	89,863	101,179	445,030
Depreciation	178,732	11,228								189,960	74,192		264,152
Telephone	117,219	30,866	7,949	10,986	12,644	10,651	2,103	535	12,726	205,679	18,415	5,123	229,217
Office supplies and expense	119,599	16,370	7,184	8,224	7,985	7,987	3,197	141	15,778	186,465	14,506	15,286	216,257
Equipment rental and maintenance	69,462	17,145	9,958	11,948	7,087	9,012	1,678	(519)	3,548	129,319	67,714	8,984	206,017
Direct client assistance	45,962					64,468				110,430			110,430
Insurance	45,608	14,642	779	7,857	4,322	6,102	1,696		995	82,001	11,695	1,463	95,159
Dues and subscriptions	84,649	4,543	400						272	89,864	1,902	1,217	92,983
Miscellaneous	35,864	3,687	445	297	917	12	170		78	41,470	7,437	12,682	61,589
Library maintenance	30,992	8,651	117	4,242	2,892	2,879	891		547	51,211			51,211
Litigation	25,018	11,240	407	2,388	(378)	3,598	4	(363)	91	42,005			42,005
Travel and training	15,967	2,324	870	796	1,064	2,488	389	(24)	694	24,568	16,001	1,276	41,845
Meetings and events	9,915		125	100		(150)			279	10,269	24	210	10,503
TOTAL FUNCTIONAL EXPENSES	\$ 6,977,725	\$ 5,011,093	\$ 2,616,468	\$ 1,860,230	\$ 1,766,792	\$ 1,285,216	\$ 365,629	\$ 180,285	\$ 419,219	\$ 20,482,657	\$ 2,418,852	\$ 436,653	\$ 23,338,162

The accompanying notes are an integral part of these financial statements.

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

continued

	Program Services									Total Program Services	Management and General	Fundraising	Total Expenses
	General Legal Services	Housing and Eviction Defense	Self Help Centers	Health	Medical Legal Community Partnership	Domestic Violence	Antelope Valley	Clean Slate Initiative	Disaster Relief				
Salaries and wages	\$ 3,581,867	\$ 1,641,949	\$ 741,140	\$ 886,951	\$ 359,863	\$ 839,566	\$ 336,541	\$ 117,234	\$ 281,251	\$ 8,786,362	\$ 1,350,561	\$ 183,436	\$ 10,320,359
Payroll taxes and employee benefits	1,244,509	422,414	213,181	233,746	97,291	216,251	85,618	28,357	73,736	2,615,103	388,648	51,949	3,055,700
Total personnel costs	4,826,376	2,064,363	954,321	1,120,697	457,154	1,055,817	422,159	145,591	354,987	11,401,465	1,739,209	235,385	13,376,059
Sub-grants		1,670,019	735,092	78,435	934,839					3,418,385			3,418,385
Donated materials and services (Note 2)	370,148	53,703	287,516	44,000		210,262	165	2,138		967,932			967,932
Occupancy	249,622	41,620		15,327	11,512	19,577	6,096		3,577	347,331	46,074	8,283	401,688
Professional fees	230,959	7,380	5,021	1,598	23,300	(1,064)	4,756	288	18,954	291,192	107,294	79,774	478,260
Depreciation	199,989	13,311								213,300	77,521		290,821
Telephone	124,314	25,893	4,495	7,100	11,884	9,957	3,872	595	24,049	212,159	16,163	4,599	232,921
Office supplies and expense	149,089	50,449	19,987	5,318	8,748	10,286	3,075	1,408	73,414	321,774	31,604	12,250	365,628
Equipment rental and maintenance	52,173	17,615	5,577	8,599	7,211	8,497	2,665		12,614	114,951	46,507	12,211	173,669
Direct client assistance		113,250				68,780				182,030			182,030
Insurance	41,524	13,714	426	5,504	3,695	5,689	2,181		1,161	73,894	9,324	2,076	85,294
Dues and subscriptions	64,727	3,946								68,673	4,966	510	74,149
Miscellaneous	30,772	2,580	173	95	764	234	785	169	641	36,213	20,083	6,193	62,489
Library maintenance	28,198	9,131		3,332	2,425	3,410	1,320		714	48,530	386		48,916
Litigation	4,702	7,534	102	782	7	(243)	1,430	75	191	14,580	19		14,599
Travel and training	35,357	12,560	3,062	3,347	1,118	1,543	2,653	267	762	60,669	13,199	778	74,646
Meetings and events	9,660	387		20	406		413		62	10,948	1,049	125	12,122
TOTAL FUNCTIONAL EXPENSES	\$ 6,417,610	\$ 4,107,455	\$ 2,015,772	\$ 1,294,154	\$ 1,463,063	\$ 1,392,745	\$ 451,570	\$ 150,531	\$ 491,126	\$ 17,784,026	\$ 2,113,398	\$ 362,184	\$ 20,259,608

The accompanying notes are an integral part of these financial statements.

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

STATEMENTS OF CASH FLOWS For the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS (TO) FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,045,099	\$ (169,467)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Legal services exchanged for reduction of debt	(8,589)	(9,272)
Depreciation	264,152	290,821
Interest and dividends reinvested	(62,372)	(48,366)
Loss on investments	60,832	26,584
Forgiveness of paycheck protection program loan	(1,719,734)	-
(Increase) decrease in operating assets:		
Grants receivable	(1,248,996)	(368,283)
Pledges receivable	13,535	21,960
Prepaid expenses and deposits	(32,199)	(8,380)
Increase (decrease) in operating liabilities:		
Accounts payable	508,339	212,914
Accrued liabilities	265,246	362,840
Accrued unemployment liability	3,214	32,839
Deferred revenue	38,169	765,945
Deferred revenue - LSC	(191,810)	1,774,129
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(65,114)	2,884,264
CASH FLOWS (TO) INVESTING ACTIVITIES:		
Proceeds from sale of investments	3,812,000	1,437,000
Purchase of investments	(4,052,830)	(4,934,218)
Purchase of property and equipment	(141,839)	(23,576)
NET CASH (USED) BY INVESTING ACTIVITIES	(382,669)	(3,520,794)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program loan	-	1,706,800
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	1,706,800
NET (DECREASE) INCREASE IN CASH	(447,783)	1,070,270
CASH, BEGINNING OF YEAR	2,335,365	1,265,095
CASH, END OF YEAR	\$ 1,887,582	\$ 2,335,365
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Repayment of notes payable by providing legal and other services	\$ 8,589	\$ 9,272

The accompanying notes are an integral part of these financial statements.

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

Neighborhood Legal Services of Los Angeles County (“NLSLA”) is a California not-for-profit corporation organized for the purpose of providing free legal assistance on civil matters to low-income persons who reside in Los Angeles County, when they are unable to afford such services through customary channels.

NLSLA is funded by donations, grants, and contracts from federal, state, county, and municipal government, private foundations, corporations, and individuals.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Revenue and Revenue Recognition

NLSLA recognizes contributions when cash or other assets, an unconditional promise to give or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of NLSLA’s revenue is derived from cost-reimbursable federal, state, county, city contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when NLSLA has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the Statement of Financial Position.

Per the Legal Services Corporation (“LSC”) Program Letter 20-4, and in conjunction with FASB ASU 2018-08, LSC Basic Field Grant awards do not involve an exchange with recipients of commensurate value and the benefit to LSC is considered indirect because the grant serves the general public. As such, LSC considers its Basic Field Grant awards as non-exchange transactions/contributions. The LSC Grant is reported in NLSLA’s financial statements as “with donor restrictions” and as an increase to “with donor restrictions” net assets. LSC net assets can be released from restriction only when eligible expenses are incurred.

In accordance with LSC Program Letter 20-4, unearned LSC basic field grant is recorded in the statement of financial position as deferred revenue. The 2021 LSC basic field grant award is \$4,698,505, of which NLSLA has recognized \$2,699,183 as revenue “with donor restrictions” in 2021 and has recorded \$1,999,322 as deferred revenue liability in the statement of financial position as of December 31, 2021.

continued

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Grant Funding

NLSLA receives multi-year grant funding from various sources, which, in accordance with generally accepted accounting principles, are recorded in the period received or pledged. However, expenditures related to these grants can occur over several years. As a result, timing differences are created which can have an effect on changes in net assets.

Grants Receivable

Grants receivable are receivables from government entities and other organizations. An allowance for doubtful accounts for \$26,757 has been provided for grants receivable that are deemed uncollectible.

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Investments

NLSLA values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain (loss) on investments. Short-term highly liquid money market deposits and certificate of deposits that are not used for operations are treated as investments.

Fair Value Measurement

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

NLSLA is required to measure donated services and pledged contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

Concentration of Credit Risks

NLSLA places its temporary cash investments with high credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. NLSLA has not incurred losses related to these investments.

The grants and other receivables balance outstanding at December 31, 2021 and 2020 consists primarily of government contract and grant receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to these receivables is limited, as the majority of NLSLA's receivables consist of earned fees from contract programs granted by governmental agencies.

Approximately 83% and 81% of NLSLA's total revenue was derived from government contracts for the years ended December 31, 2021 and 2020, respectively. Additionally, for the years ended December 31, 2021 and 2020, revenue from one government funding source was approximately 23% and 18% of total revenue, respectively.

continued

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

The provision for depreciation or amortization is computed using the straight-line method over the estimated useful lives of the related assets, and are as follows:

Building	18 to 27 years
Building improvements	5 to 27 years
Furniture	5 to 7 years
Equipment	3 to 10 years
Computer hardware	3 to 5 years
Computer software	3 to 5 years

Property and equipment acquired with federal funds or LSC funds are considered to be owned by NLSLA while used in the program or in future authorized programs. However, funding sources have reversionary interest in these assets as well as the determination of use of any proceeds from the sale of these assets.

Attorney Fees and Costs

Attorney fees and costs support result from reimbursement of litigation costs awarded by the court because of favorable resolutions. Because of the uncertainty surrounding the receipt of such funding, NLSLA recognizes this support in the period in which the cash is received and the related case is ultimately resolved.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are measured on a non-recurring basis and recorded at fair value in the period received. NLSLA has received significant contributions of non-cash legal services. The value of contributed legal services and donated goods meeting the requirement of recognition in the financial statements was \$789,681 and \$967,932 for the years ended December 31, 2021 and 2020, respectively.

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Clients' Trust Deposits

NLSLA holds funds in trust for its clients relating to settlements awarded by the courts and deposits held for filing and other fees. The balance of such accounts is included as both an asset and a liability of NLSLA because NLSLA has a fiduciary responsibility to account for such funds. While such amounts are included in the financial statements, they are separate from the assets and liabilities of NLSLA. As of December 31, 2021 and 2020, clients' trust deposits of \$1,007,073 and \$776,745, respectively, were included in cash.

Income Taxes

NLSLA is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). In addition, NLSLA has been determined by the Internal Revenue Service and the Franchise Tax Board not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code and Section 23709 of the Taxation Code.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by NLSLA in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. NLSLA's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing NLSLA's programs and other activities have been presented in the Statements of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through April 28, 2022, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in these financial statements.

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources

NLSLA monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

NLSLA has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$4,800,000. NLSLA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As of December 31, 2021 and 2020, NLSLA had \$12,429,871 and \$11,736,009, respectively, of financial assets available within one year of the statement of financial position date to meet general expenditures, consisting of the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 880,509	\$ 1,558,620
Grants and other receivables	5,728,194	4,479,198
Pledges receivable	3,633	17,168
Investments	<u>6,265,711</u>	<u>6,010,407</u>
	12,878,047	12,065,393
Less: Net assets with purpose restrictions	<u>(448,176)</u>	<u>(329,384)</u>
	<u>\$12,429,871</u>	<u>\$11,736,009</u>

None of the financial assets are subject to donor or other contractual restrictions that would make them unavailable for general expenditures within one year of the statement of financial position date. The pledges receivable is subject to implied time restrictions but are expected to be collected within one year.

In addition to financial assets available to meet general expenditures over the next 12 months, NLSLA operates within a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of NLSLA's cash and shows positive cash for years ended December 31, 2021 and 2020.

NLSLA has various sources of liquidity at its disposal. As part of its liquidity management plan, NLSLA invests cash in excess of daily requirements in short-term investments, certificates of deposits, and money market funds. As further described in Note 9, NLSLA also has a revolving line of credit with a bank in the amount of \$1,000,000, which it could draw upon in the event of an unanticipated liquidity level.

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

4. Pledges Receivable

Unconditional promises to give (pledges receivable) that are expected to be collected in future years are measured on a non-recurring basis at the date of the pledge. All pledges are valued at estimated fair value at December 31, 2021. NLSLA establishes an allowance for doubtful accounts, which is determined by considering a number of factors, including the length of time pledges receivable are past due, and the pledgers' current ability to pay its obligation owed to NLSLA. The allowance for doubtful accounts at December 31, 2021 and 2020 was \$10,000 and \$10,000, respectively. Total pledges receivable at December 31, 2021 and 2020 of \$3,633 and \$17,168, respectively, are expected to be collected within one year and are as follows:

	<u>2021</u>	<u>2020</u>
Pledges receivable, gross	\$13,633	\$27,168
Less: allowance for doubtful accounts	<u>10,000</u>	<u>10,000</u>
Pledge receivable, net	<u>\$ 3,633</u>	<u>\$17,168</u>

5. Investments

Investments at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Certificates of deposit	\$3,869,020	\$4,772,018
Money market	<u>2,396,691</u>	<u>1,238,389</u>
	<u>\$6,265,711</u>	<u>\$6,010,407</u>

6. Property and Equipment

Property and equipment at December 31, 2021 and 2020 consist of the following:

<u>December 31, 2021</u>	<u>LSC</u>	<u>Non-LSC</u>	<u>Total</u>
Land	\$ 111,848	\$ 137,965	\$ 249,813
Building improvements	1,909,103	1,919,094	3,828,197
Building	1,666,294	219,020	1,885,314
Equipment	157,773	-	157,773
Furniture	245,306	100,366	345,672
Computer software	105,650	7,501	113,151
Computer hardware	<u>40,621</u>	<u>-</u>	<u>40,621</u>
	4,236,595	2,383,946	6,620,541
Less: accumulated depreciation	<u>(2,686,818)</u>	<u>(1,543,581)</u>	<u>(4,230,399)</u>
	<u>\$ 1,549,777</u>	<u>\$ 840,365</u>	<u>\$ 2,390,142</u>

continued

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

6. Property and Equipment, continued

<u>December 31, 2020</u>	<u>LSC</u>	<u>Non-LSC</u>	<u>Total</u>
Land	\$ 111,848	\$ 137,965	\$ 249,813
Building improvements	1,841,063	1,874,760	3,715,823
Building	1,666,294	219,020	1,885,314
Equipment	167,707		167,707
Furniture	245,306	70,902	316,208
Computer software	105,650	7,500	113,150
Computer hardware	<u>40,621</u>	<u></u>	<u>40,621</u>
	4,178,489	2,310,147	6,488,636
Less: accumulated depreciation	<u>(2,514,157)</u>	<u>(1,462,024)</u>	<u>(3,976,181)</u>
	<u>\$ 1,664,332</u>	<u>\$ 848,123</u>	<u>\$ 2,512,455</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$264,152 and \$290,821, respectively.

7. Accrued Liabilities

Accrued liabilities at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Accrued vacation	\$ 688,200	\$ 596,141
Clients' trust deposits (Note 2)	1,007,073	776,745
Other liabilities	<u>66,406</u>	<u>123,547</u>
	<u>\$1,761,679</u>	<u>\$1,496,433</u>

8. Accrued Unemployment Liability

NLSLA has elected to be self-insured for the purposes of California State Unemployment Insurance. The accrued unemployment liability at December 31, 2021 and 2020, of \$190,031 and \$186,817, respectively, represents estimated future claims arising from payroll paid through those year ends. Unemployment expense for the years ended December 31, 2021 and 2020 was \$18,582 and \$18,582, respectively.

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

9. Line of Credit

NLSLA has a revolving line of credit, with a bank, in the amount of \$1,000,000, secured by real property, with a variable interest rate of prime rate plus 1.35% with a minimum interest rate of 5%, due July 13, 2022. There was no outstanding balance at December 31, 2021 and 2020.

10. Notes Payable

Notes payable at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Note payable to the City of Los Angeles, with an interest rate of 0% per annum. This note is collateralized by a trust deed. Under the terms of the loan agreement, NLSLA shall provide services to Los Angeles residents, and shall receive an annual credit of \$5,481 toward the unpaid balance of the note. Annual credits are also recognized as “legal services exchanged for reduction of debt” in the Statements of Activities.	-	<u>8,589</u>
	<u>\$ -</u>	<u>\$8,589</u>

11. Paycheck Protection Program Loan

In April 2020, NLSLA received loan proceeds in the amount of \$2,306,800 under the Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”). After assessing NLSLA’s 2020 and 2021 potential earnings, on May 14, 2020, NLSLA returned \$600,000 of the PPP loan leaving an outstanding balance available to the program of \$1,706,800.

The PPP, established as part of the Coronavirus Aid Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are potentially forgivable after a period of up to twenty-four weeks (the covered period) after the date of funding as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of forgiveness may be reduced if the recipient terminates employees or reduces salaries during the cover period.

The unforgiven portion of the PPP grant is payable over two years at an interest rate of 1%, with a deferral of either (1) the date that the SBA remits the recipient’s forgiveness amount to the lender institution or (2) if the recipient does not apply for forgiveness, 10 months after the end of the recipient’s forgiveness covered period. NLSLA is uncertain as to the extent, if any, that the loan proceeds will meet all of the conditions for forgiveness of the loan.

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

11. Paycheck Protection Program Loan, continued

Revenue related to the PPP loan for the year ended December 31, 2021 was \$1,719,734, including \$1,706,800 principal and \$12,934 interest. The use of the loan proceeds met the conditions for forgiveness of the loans, as a result, in September 2021, the PPP loan forgiveness application for \$1,719,734 was approved by the SBA.

The SBA reserves the right to review any loan in their discretion and the SBA will review any loan over \$2 million. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. PPP loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

12. Commitments and Contingencies

Obligations Under Operating Leases

NLSLA leases various facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ending December 31,</u>	
2022	\$ 334,140
2023	335,590
2024	304,512
2025	236,728
2026	243,832
Thereafter	<u>685,712</u>
	<u>\$2,140,514</u>

Rent and equipment lease expense under operating leases for the years ended December 31, 2021 and 2020 was \$324,984 and \$312,730, respectively.

Contracts

NLSLA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, NLSLA has no provisions for the possible disallowance of program costs on its financial statements.

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

12. Commitments and Contingencies, continued

Impact of COVID-19 Virus

Following the State of California COVID-19 protocols, NLSLA has been conducting business activities under the consideration of the social distancing and remote work opportunities. Except for the disclosure of the PPP, the overall long-term financial impact of the COVID-19 virus on NLSLA cannot be foreseen at this time and is not reflected in these financial statements.

13. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Health advocacy fund	\$269,282	\$239,140
Other	<u>178,894</u>	<u>90,244</u>
	<u>\$448,176</u>	<u>\$329,384</u>

For the years ended December 31, 2021 and 2020, net assets released from purpose restrictions were as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restriction:		
Legal services	\$5,541,875	\$3,526,321
Other	<u>159,443</u>	<u>32,944</u>
	<u>\$5,701,318</u>	<u>\$3,559,265</u>

In 2020, the NLSLA Board of Directors designated \$1,044,977 to the San Fernando Valley Justice Center capital campaign fund to be used in any manner for the building of a new NLSLA office in Pacoima.

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

14. Fair Value Measurements

The table below presents the transactions measured at fair value on a non-recurring basis at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated services	\$ -	\$789,681	\$ -	\$789,681
Pledged contributions - new	_____	_____	<u>22,433</u>	<u>22,433</u>
	<u>\$ -</u>	<u>\$789,681</u>	<u>\$22,433</u>	<u>\$812,114</u>

The table below presents the transactions measured at fair value on a non-recurring basis at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated services	\$ -	\$967,932	\$ -	\$ 967,932
Pledged contributions	_____	_____	<u>41,809</u>	<u>41,809</u>
	<u>\$ -</u>	<u>\$967,932</u>	<u>\$41,809</u>	<u>\$1,009,741</u>

The fair value of donated services has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of pledged contributions – new is measured on a non-recurring basis based on the value provided by the donor at the date of pledge (Level 3 inputs).

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

15. Government Contracts

Government contracts for the years ended December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Legal Services Corporation	\$ 4,890,315	\$ 2,672,612
Shriver Housing Project – Los Angeles	3,224,554	2,498,443
County of Los Angeles – Self Help Centers	2,371,117	1,650,993
LAC DHS MLCP - Whole Person Care	1,664,982	1,438,236
Interest on Lawyers Trust Account	1,078,090	1,299,080
County of Los Angeles – CalWORKs DVSS	843,783	872,357
LAHSA Homelessness	808,277	902,500
Equal Access to Justice	749,210	597,852
DMHC Consumer Assistance Program	598,808	601,223
County Stay Housed – Liberty Hill/LAFLA	513,198	90,839
MHSA Innovation	401,761	266,707
LSTF – EAF Homelessness	357,927	584,600
LSC – Disaster Relief	321,738	409,020
DMHC CCI	319,704	320,546
LSC – Covid-19	310,091	261,692
California Office of Emergency Services – Victims of Crime Act	217,168	243,254
Covered California	177,692	177,692
City of LA – Stay Housed	174,320	-
Impact-City of LA Reentry	153,873	163,324
Equal Access Partnership	105,091	125,000
City of Pomona - Clinics	67,854	17,041
LSTF - JAAVA	56,500	173,500
County of Los Angeles – CSBG BUILD	51,760	53,117
HCD – Mobile Home	45,264	-
California Office of Emergency Services – COVID DV Assistance	44,897	52,500
Children’s Outreach Enrollment Utilization and Retention Training Grant	44,749	31,022
DVSS CARES	40,326	45,675
County of Los Angeles – CSBG CARES	39,562	-
El Monte Mobile Home Park	26,479	45,942
LSC Technology Initiative Grant	19,731	-
Olive View – Trauma Recovery Center	16,948	-
LACDA US Treasury Rental Relief	16,069	16,847
California Office of Emergency Services – Family Justice Center	10,649	157,351
LACDA Emergency Rental Assistance	-	124,575
LSC – Pro Bono Innovation Fund	-	117,339
LA CARE Homelessness	-	103,197
Equal Access Partnership – Shriver SH	-	90,000
Unaccompanied Minors	-	44,500
LSC 2020 CARES Technology Capacity	-	25,000
County of Los Angeles - DPH-DV-Substance Abuse Disorder	-	13,320
	<u>\$19,762,487</u>	<u>\$16,286,896</u>

continued

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

16. Employee Benefit Plan

Retirement benefits are provided to employees under a non-contributory, non-qualified tax deferred annuity pension plan. Under the plan, NLSLA contributes an amount equal to 3% of each participant's annual compensation for employees with less than five years of service, 6% for employees with more than five years and up to ten years of service, and 9% for employees with more than ten years of service. There are no past service costs associated with the plan, and employees are fully vested for all contributions on their behalf. Total contributions were \$607,372 in 2021 and \$537,605 in 2020, respectively.

17. Private Attorney Involvement

LSC requires that an amount equal to 12.5% of its current grant be utilized for private attorney involvement ("PAI"). NLSLA's PAI requirement and the related expenses during the year ended December 31, 2021 are summarized as follows:

Support:	
LSC basic grant	\$4,698,505
	<u> x 12.5%</u>
PAI requirement	<u>\$ 587,313</u>
Expenses:	
Personnel salaries:	
Lawyers, paralegals, clerical, and administrative staff	\$545,612
Employee benefits	158,119
Occupancy	20,665
Professional fees	18,699
Office expense	11,154
Telephone	10,205
Equipment rental and maintenance	9,831
Insurance	4,706
Dues and subscriptions	2,233
Library maintenance	2,171
Travel and training	797
Litigation	407
Other	407
Meeting and events	127
Delivery	<u>73</u>
	<u>\$785,206</u>
Net PAI expenses (over) the requirement threshold	<u><u>\$(197,893)</u></u>

SUPPLEMENTAL INFORMATION

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

SCHEDULE OF REVENUE, SUPPORT, EXPENSES AND CHANGES IN NET ASSETS
FOR LEGAL SERVICES CORPORATION FUNDS
For the year ended December 31, 2021

	Basic Field Grant	Carryover	LSC TIG	LSC Disaster Relief Creek Fire	LSC Disaster Relief - Woolsey Woolsey	LSC 2021 COVID-19 Supplemental	Property	Total
Revenue and support								
Government contracts	\$ 3,149,983	\$ 1,740,332	\$ 19,731	\$ 56,250	\$ 265,488	\$ 310,091	\$ -	\$ 5,541,875
Attorney fees and costs	82,109							82,109
Rental income	25,598							25,598
Income from investments	5,310							5,310
Total revenue and support	3,263,000	1,740,332	19,731	56,250	265,488	310,091	-	5,654,892
Expenses								
Salaries and wages	2,029,848	1,303,794	7,364	21,357	201,198	158,014		3,721,575
Payroll taxes and employee benefits	568,961	391,138	255	6,620	59,051	45,752		1,071,777
Total personnel costs	2,598,809	1,694,932	7,619	27,977	260,249	203,766	-	4,793,352
Occupancy	198,240			128		13,223		211,591
Depreciation							182,595	182,595
Professional fees	121,844	10,000	5,312	4,681	16	10,976		152,829
Telephone	79,081	10,000		8,816	2,301	6,786		106,984
Office supplies and expense	67,590	10,000	1,200	14,096	986	5,368		99,240
Equipment rental and maintenance	62,433	10,000	5,600	495	1,766	3,377		83,671
Insurance	34,226	5,400		10		1,805		41,441
Library maintenance	23,307					661		23,968
Dues and subscriptions	23,099			7		43		23,149
Travel and training	17,753			18		1,550		19,321
Miscellaneous	11,775			22	78	4,282		16,157
Fundraising	8,379							8,379
Litigation	6,096				92	4		6,192
Meetings and events	575					3		578
Capital purchases	9,793					58,247	(68,040)	-
Total expenses	3,263,000	1,740,332	19,731	56,250	265,488	310,091	114,555	5,769,447
Change in net assets	-	-	-	-	-	-	(114,555)	(114,555)
Net assets, beginning of year	-	-	-	-	-	-	1,664,332	1,664,332
Net assets, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,549,777	\$ 1,549,777
Deferred revenue, end of year	\$ 1,999,322 *	\$ -	\$ 30,219	\$ -	\$ -	\$ -	\$ -	\$ 2,029,541

* In accordance with LSC Program Letter 20-4, unearned LSC grant award is recorded in the Statement of Financial Position as a deferred revenue. The 2021 LSC basic field grant award is \$4,698,505, of which NLSLA has recognized \$2,699,183 as revenue "with donor restrictions" in 2021 and has recorded \$1,999,322 as deferred revenue liability in the Statement of Financial Position as of December 31, 2021.

** In accordance with 45 CFR Section 1628, NLSLA received approval from LSC to waive the 10% ceiling on the December 31, 2020 LSC fund balance. The LSC fund balance as of December 31, 2020 was \$2,191,132 and of that amount \$1,740,332 represents the portion in excess of 10% that was approved to be expended over a two-year period due to COVID pandemic related measures.

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

SCHEDULE OF REVENUE, SUPPORT AND EXPENSES BY GRANT

For the year ended December 31, 2021

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Foundations</u>	<u>Other</u>	<u>Plant</u>	<u>Total</u>
Revenue and support							
Government contracts (Note 15)	\$ 5,541,875	\$ 6,985,554	\$ 7,235,058	\$ -	\$ -	\$ -	\$ 19,762,487
Foundations				1,617,965	159,443		1,777,408
Donated materials and services (Note 2)					789,681		789,681
Contributions				174,250	425,194		599,444
Attorney fees and costs	82,109				407,745		489,854
Special event (net of expense of \$60,882)					129,895		129,895
Fellowship income					56,381		56,381
Rental income	25,598				20,150		45,748
Other revenue					2,500		2,500
Legal services exchanged for reduction of debt						8,589	8,589
Income from investments	5,310			731	(4,501)		1,540
Total revenue and support	<u>5,654,892</u>	<u>6,985,554</u>	<u>7,235,058</u>	<u>1,792,946</u>	<u>1,986,488</u>	<u>8,589</u>	<u>23,663,527</u>
Expenses							
Salaries and wages	3,721,575	3,022,033	3,946,286	926,111	411,172		12,027,177
Payroll taxes and employee benefits	1,071,777	897,207	1,154,794	269,385	92,303		3,485,466
Total personnel costs	<u>4,793,352</u>	<u>3,919,240</u>	<u>5,101,080</u>	<u>1,195,496</u>	<u>503,475</u>	<u>-</u>	<u>15,512,643</u>
Sub-grants		2,530,221	1,848,310	334,069			4,712,600
Donated materials and services					789,681		789,681
Occupancy	211,591	110,340	93,329	25,529	16,051		456,840
Professional fees	152,829	139,197	53,926	38,092	60,986		445,030
Depreciation						264,152	264,152
Telephone	106,984	53,758	44,215	12,267	11,993		229,217
Office supplies and expense	99,239	43,852	30,608	12,668	29,890		216,257
Equipment rental and maintenance	83,671	52,861	49,404	10,833	9,248		206,017
Direct client assistance		38,508	25,960	40,390	5,572		110,430
Insurance	41,442	21,393	23,437	5,922	2,965		95,159
Dues and subscriptions	23,149	64,904	2,766	419	1,745		92,983
Miscellaneous	16,157	6,064	3,902	1,520	33,946		61,589
Library maintenance	23,968	14,583	10,128	1,870	662		51,211
Litigation	6,192	19,357	6,796	1,680	7,980		42,005
Travel and training	19,321	9,891	8,040	2,996	1,597		41,845
Meetings and events	578	131	(109)	443	9,460		10,503
Capital purchases	68,040	17,934			55,865	(141,839)	-
Total expenses	<u>5,646,513</u>	<u>7,042,234</u>	<u>7,301,792</u>	<u>1,684,194</u>	<u>1,541,116</u>	<u>122,313</u>	<u>23,338,162</u>
OTHER CHANGES							
Forgiveness of paycheck protection program loan (Note 11)					1,719,734		1,719,734
Revenue and support over (under) expenses	<u>\$ 8,379</u>	<u>\$ (56,680)</u>	<u>\$ (66,734)</u>	<u>\$ 108,752</u>	<u>\$ 2,165,106</u>	<u>\$ (113,724)</u>	<u>\$ 2,045,099</u>

See independent auditors' report.