

Legal Services NYC and Constituent Corporations

Consolidated Financial Report
and Supplementary Information
December 31, 2019

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Independent Auditor's Report

Board of Directors
Legal Services NYC and Constituent Corporations

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Legal Services NYC and Constituent Corporations (collectively, Legal Services NYC), which comprise the consolidated statement of financial position as of December 31, 2019, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legal Services NYC and Constituent Corporations as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Legal Services NYC's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 3, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 5 to the financial statements, Legal Services NYC has recognized a receivable amounting to \$971,278 from unexecuted and/or unregistered contracts with the City of New York. As a result, the City of New York may claim not to be obligated to pay Legal Services NYC for the contract services performed. Consequently, the ultimate realization of these contract receivables is subject to the execution of these contracts by the City of New York. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating 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 consolidating 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 consolidating information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

New York, New York
October 30, 2020

FINANCIAL STATEMENTS

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Consolidated Statement of Financial Position

December 31, 2019

(with summarized comparative information as of December 31, 2018)

	2019	2018
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 878,817	\$ 2,507,200
Government and private contracts receivable	27,059,985	25,052,090
Private grants and contributions receivable	1,063,161	734,716
Other receivable	299,033	124,661
Prepayments	235,235	165,921
Escrow accounts	767,940	801,025
Total current assets	30,304,171	29,385,613
<i>Other assets</i>		
Property, equipment, and law libraries, net	8,237,978	8,454,235
Security deposits	821,532	797,811
Total assets	\$ 39,363,681	\$ 38,637,659
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable and accrued expenses	\$ 4,464,637	\$ 4,396,392
Notes payable, current portion	59,749	56,724
Contract advances	416,590	239,899
Accrued vacation leave payable	4,773,916	4,116,362
Due to grantor	14,792	14,792
Escrow accounts	767,940	801,025
Total current liabilities	10,497,624	9,625,194
<i>Long-term debt and other obligations</i>		
Notes payable, less current portion	58,912	118,661
Deferred rent obligations	1,844,303	1,539,188
Total liabilities	12,400,839	11,283,043
Commitments and contingencies		
<i>Net assets</i>		
Net assets without donor restrictions:		
Undesignated	8,473,571	8,699,412
Board-designated	5,647,407	5,647,407
Total net assets without donor restrictions	14,120,978	14,346,819
Net assets with donor restrictions:		
Legal Services Corporation - Grant	677,873	1,206,135
Legal Services Corporation - Property	293,828	370,899
Total Legal Services Corporation	971,701	1,577,034
Non - Legal Services Corporation	11,870,163	11,430,763
Total net assets with donor restrictions	12,841,864	13,007,797
Total net assets	26,962,842	27,354,616
Total liabilities and net assets	\$ 39,363,681	\$ 38,637,659

See notes to consolidated financial statements.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Consolidated Statement of Activities

Year Ended December 31, 2019

(with summarized comparative information for the year ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Summarized Information 2018
SUPPORT AND REVENUE				
<i>Grants and contributions</i>				
Legal Services Corporation (LSC)				
Basic	\$ 12,528,874	\$ -	\$ 12,528,874	\$ 12,574,824
Other grants	136,520	-	136,520	266,453
Interest on Lawyers' Account (IOLA)	5,528,335	-	5,528,335	5,684,326
Donated services	42,207,330	-	42,207,330	44,355,867
Fund-raising events	1,374,025	-	1,374,025	1,293,175
Private grants and contributions	474,234	2,830,130	3,304,364	3,722,892
Total grants and contributions	<u>62,249,318</u>	<u>2,830,130</u>	<u>65,079,448</u>	<u>67,897,537</u>
<i>Revenue</i>				
Government and private contracts	59,748,393	-	59,748,393	52,396,389
Attorney fees	161,503	-	161,503	495,845
Interest	873	-	873	721
Other revenue	790	-	790	1,180
Total revenue	<u>59,911,559</u>	<u>-</u>	<u>59,911,559</u>	<u>52,894,135</u>
Net assets released from restrictions	2,996,063	(2,996,063)	-	-
Total support and revenue	<u>125,156,940</u>	<u>(165,933)</u>	<u>124,991,007</u>	<u>120,791,672</u>
EXPENSES				
<i>Personnel</i>				
Lawyers	31,537,264	-	31,537,264	28,654,231
Lawyers, donated services	42,207,330	-	42,207,330	44,355,867
Nonlawyers	16,743,299	-	16,743,299	14,555,520
Fringe benefits	18,625,407	-	18,625,407	16,767,875
Provision for vacation leave	657,554	-	657,554	566,236
Total personnel	<u>109,770,854</u>	<u>-</u>	<u>109,770,854</u>	<u>104,899,729</u>
<i>Other than personnel costs</i>				
Consultants and contract services	1,350,187	-	1,350,187	1,248,005
Travel	237,478	-	237,478	182,991
Space	5,623,297	-	5,623,297	4,726,249
Consumable supplies	936,529	-	936,529	864,970
Telephone	1,204,465	-	1,204,465	799,534
Insurance	290,629	-	290,629	292,031
Equipment rental, maintenance, etc.	758,170	-	758,170	669,784
Depreciation and amortization	928,112	-	928,112	1,010,641
Litigation cost	561,583	-	561,583	429,249
Other	1,602,013	-	1,602,013	1,568,397
Bad debt	2,729	-	2,729	8,728
Loss on disposals	-	-	-	31,150
Payments to other organizations	2,116,735	-	2,116,735	2,144,535
Total other than personnel costs	<u>15,611,927</u>	<u>-</u>	<u>15,611,927</u>	<u>13,976,264</u>
Total expenses	<u>125,382,781</u>	<u>-</u>	<u>125,382,781</u>	<u>118,875,993</u>
Change in net assets	(225,841)	(165,933)	(391,774)	1,915,679
Net assets at beginning of year	14,346,819	13,007,797	27,354,616	25,438,937
Net assets at end of year	<u>\$ 14,120,978</u>	<u>\$ 12,841,864</u>	<u>\$ 26,962,842</u>	<u>\$ 27,354,616</u>

See notes to consolidated financial statements.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Consolidated Statement of Cash Flows

Years Ended December 31, 2019

(with summarized comparative information for the year ended December 31, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (391,774)	\$ 1,915,679
<i>Adjustments to reconcile change in net assets to net cash used in operating activities</i>		
Depreciation and amortization	928,112	1,010,641
Bad debt	2,729	-
Loss on disposal	-	31,150
Changes in operating assets and liabilities:		
Increase in government and private contracts receivable	(1,908,210)	(9,040,135)
(Increase) decrease in grants and contributions receivable	(430,678)	463,186
Increase in other receivable	(174,553)	(39,586)
Increase in prepayments	(69,314)	(88,627)
Increase in security deposits	(23,720)	(70,991)
Increase in accounts payable and accrued expenses	68,244	1,210,652
Increase in contract advances	176,691	155,928
Increase in accrued vacation leave payable	657,554	566,234
Increase (decrease) in deferred rent obligations	305,115	(64,072)
Net cash used in operating activities	(859,804)	(3,949,941)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(711,855)	(325,234)
Net cash used in investing activities	(711,855)	(325,234)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	1,500,000	-
Repayment of line of credit	(1,500,000)	-
Repayment of notes payable	(56,724)	(53,157)
Net cash used in financing activities	(56,724)	(53,157)
Net change in cash and cash equivalents	(1,628,383)	(4,328,332)
Cash and cash equivalents at beginning of year	2,507,200	6,835,532
Cash and cash equivalents at end of year	\$ 878,817	\$ 2,507,200
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 31,291	\$ 13,191

See notes to consolidated financial statements.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

NOTE 1 ORGANIZATION

Legal Services NYC is a not-for-profit corporation organized for the purpose of providing legal assistance in noncriminal proceedings or matters to indigent persons in the New York City area.

Legal Services NYC disburses grant funds under the Legal Services Corporation ("LSC") legal assistance program to controlled organizations of Constituent Corporations ("CCs") and to independent organizations, including The Legal Aid Society and Center for Disability Advocacy Rights, Inc. In this connection, Legal Services NYC exercises fiscal and compliance responsibilities with respect to the CCs.

Legal Services NYC maintains the books of account for the CCs (all of which are separate corporations) and makes payments for substantially all of their expenditures. The accompanying consolidated financial statements include the accounts and activities of the following corporations:

Legal Services NYC, the controlling entity, which is comprised of administrative and programmatic units as follows:

Central Administration (Central)
Staten Island Branch (Staten Island)
Legal Support Unit (Support Unit)

Legal Services NYC's four constituent corporations are as follows:

Queens Legal Services Corporation (Queens)
Brooklyn Legal Services Corporation (Brooklyn)
Manhattan Legal Services (Manhattan)
Legal Services NYC - Bronx (Bronx)

Effective February 2017, Legal Services NYC merged the office and constituent corporations of Brooklyn Branch, Bedford Stuyvesant Community Legal Services and South Brooklyn Legal Services Corporation into a newly formed constituent corporation now called Brooklyn Legal Services Corporation (BLS). Separate operations for Brooklyn Branch and Bedford Stuyvesant Legal Services ceased as of 2017 and are now being reported as part of the new entity under one employer identification number (EIN).

All material inter-organizational accounts and transactions among Legal Services NYC and the CCs have been eliminated in consolidation.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

NOTE 1 ORGANIZATION (CONTINUED)

Legal Services NYC and the CCs are collectively referred to as "Legal Services NYC."

Legal Services NYC and the CCs are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and from New York State and the City of New York income taxes and, therefore, have made no provision in the accompanying consolidated financial statements for income taxes. In addition, Legal Services NYC and the CCs have been determined by the Internal Revenue Service not to be "private foundations" within the meaning of Section 509(a) of the Code.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting and Financial Statement Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations. Legal Services NYC reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions: Net assets without donor restrictions include funds having no restriction as to the use, purpose or time imposed by the donors.

Net Assets With Donor Restrictions: Net assets with donor restrictions are those assets whose use by Legal Services NYC has been limited by donors to a specific time period or purpose.

Non-Legal Services Corporation (Non-LSC) represents net assets restricted for all programs other than LSC.

2. Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid deposits with an original maturity of three months or less.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

3. Escrow accounts

Escrow accounts are for depositing cash received from clients as advance payment for court costs. This cash is returned to client when the case is resolved. The escrow accounts are reported as assets and liabilities on the consolidated statement of financial position.

4. Private Grants and Contributions

Private grants and contributions are recorded as revenue when either cash is received or when donors make an enforceable promise to give. Private grants and contributions are recorded as with donor restrictions and without donor restrictions support, depending on the existence and/or nature of any donor restrictions. Conditional pledges are not included as revenue until the conditions, which represent barriers that must be overcome before Legal Services NYC is entitled to the assets transferred, are fulfilled.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Private grants and contributions receivable that are expected to be collected within one year are recorded at the net realizable value. Private grants and contributions receivable that are to be collected in more than one year are recorded at the present value of their estimated future cash flows, using a borrowing rate that also considers the risk factors of the donor at the time the receivable is recorded. Legal Services NYC expects to collect all private grants and contributions receivable within one year. An allowance for doubtful grants and contributions receivable is provided by management based on Legal Services NYC's experience with the donors and their ability to pay. There was no allowance for doubtful grants and contributions for 2019 and 2018.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

5. Government and Private Contracts

Revenue from expense reimbursement-based government and private contracts is recognized when reimbursable expenses are incurred under the terms of the contracts. Revenue from performance-based government and private contracts is recognized when performance objectives pursuant to the contract have been accomplished. Contract payments in excess of qualified expenses or performance are reported as contract advances. Contract advances were \$416,590 and \$239,899 as of December 31, 2019 and 2018, respectively.

6. Donated Services

In-kind contributions are reported as revenue and expense at their estimated fair value on the date of receipt. Donated services are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills. Contributed services provided by attorneys on a pro bono basis are recorded as revenue and expense at fair value, based on the attorneys' average billing rates.

A number of volunteers have made a contribution of their time to Legal Services NYC to serve on the board of directors. The value of this contributed time is not reflected in these consolidated financial statements since such services would not typically be purchased had they not been provided by donation.

7. Attorney Fees

Legal Services NYC receives attorney fees as payment for damages awarded and/or statutory benefits. Attorney fees revenue is recognized when the notice of the payment is received.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

8. Property, Equipment, and Law Libraries

Purchase of property, equipment and law libraries in excess of \$5,000 per unit are capitalized. Property, equipment and law libraries are recorded at cost or the fair value of the donated property at date of gift. Depreciation and amortization of property, equipment, and law libraries are computed on the straight-line basis over their estimated service lives, as follows:

Buildings and leasehold improvements	25 years
Furniture, fixtures, and office equipment	10 years
Law libraries	5 years

Leasehold improvements are amortized over the lesser of their estimated useful lives or the lease period.

9. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

10. Income Taxes

As an exempt organization, Legal Services NYC and the CCs are subject to taxes on unrelated business income (UBIT), if applicable. For the years ended December 31, 2019 and 2018, Legal Services NYC and CCs did not owe any UBIT. Legal Services NYC and CCs are not classified as a private foundation. The amount paid for 2018 UBIT in the amount of \$132,000 is to be refunded to Legal services NYC and is included in the other receivable balance in the consolidated statement of financial position as of December 31, 2019.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Management has evaluated the income tax positions of Legal Services NYC and the CCs for the year ended December 31, 2019 and concluded that there are no uncertain income tax positions that require adjustments or disclosures to the accompanying consolidated financial statements. Legal Services NYC is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years before 2016.

11. Reclassifications

For comparison, certain 2018 amounts have been reclassified, where appropriate, to conform to the consolidated financial statements presentation used in 2019. Such reclassifications had no effect on the reported 2018 total assets, total liabilities, net assets and changes in net assets.

12. Evaluation of Subsequent Events

Legal Services NYC evaluates events occurring after the date of the consolidated financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the consolidated financial statements. Such evaluation is performed through the date the consolidated financial statements are available for issuance, which was October 30, 2020.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which Legal Services NYC operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to Legal Services NYC. Accordingly, management cannot presently estimate the overall operational and financial impact to Legal Services NYC.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

13. Recently Adopted Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, intended to clarify and improve the scope and the accounting guidance for contributions received and made. Legal Services NYC has adopted ASU 2018-08 by applying the guidance on a modified prospective basis for the year ended December 31, 2019, therefore there was no impact on prior year balances. The current year impact of the adoption of ASU 2018-08 is further discussed in Note 3.

14. Recently Issued Accounting Pronouncement

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In June 2020, FASB issued ASU 2020-05, which defers the effective date of ASU 2014-09, making it effective for annual reporting periods beginning after December 15, 2019. Legal Services NYC is evaluating the impact of this ASU on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under this guidance, lessees will need to recognize virtually all of their leases on the balance sheet, by recording a right-of-use asset and lease liability. In June 2020, the FASB issued ASU 2020-05, which defers the effective of ASU 2016-02, making it effective for annual reporting periods beginning after December 15, 2021. Legal Services NYC is evaluating the impact of this ASU on the consolidated financial statements. Legal Services NYC is evaluating the impact of this ASU on the consolidated financial statements.

**LEGAL SERVICES NYC
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Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. This update represents a significant change in the allowance for credit losses accounting model by requiring immediate recognition of management’s estimates of current expected credit losses. Under the prior model, losses were recognized only as they were incurred, which the FASB has noted delayed recognition of expected losses that might not yet have met the threshold of being probable. The Update is effective for 2023. Legal Services NYC is evaluating the impact of this ASU on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Update clarifies the presentation and disclosure of contributed nonfinancial assets, including fixed assets and other items. The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The Update is effective for 2022 with early adoption permitted. Legal Services NYC is evaluating the impact of this ASU on the consolidated financial statements.

**NOTE 3 LEGAL SERVICES CORPORATION GRANT AND EXCESS FUND
BALANCE**

Legal Services NYC is funded by grants from LSC, a not-for-profit corporation established by Congress to administer the federal government's legal assistance program.

In accordance with the terms of its LSC grants, Legal Services NYC may retain up to 10% of unexpended basic grant award funds for use in future periods provided expenses are incurred in compliance with the specified terms of each grant, as defined. If Legal Services NYC does not comply with the terms of the LSC grants, then, under certain circumstances, LSC may, at its discretion, request (1) reimbursement for expenditures that are not in compliance with the grants and/or (2) return of unexpended funds. In addition, if Legal Services NYC terminates its legal assistance activities, all unexpended funds are to be returned to LSC.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

**NOTE 3 LEGAL SERVICES CORPORATION GRANT AND EXCESS FUND
BALANCE (CONTINUED)**

Pursuant to the Accounting Guide for LSC Recipients, Legal Services NYC previously recognized grant revenue from LSC as restricted support in the year of receipt. LSC funds were released from restriction when the program purpose was satisfied. Funds remaining unexpended at the end of an accounting period were reported in the net asset class with donor restrictions.

As previously described in Note 2, Legal Services NYC has adopted ASU 2018-08 for the year ended December 31, 2019. LSC grants are now considered conditional contributions in accordance with the guidance from ASU 2018-08. By applying this ASU on a modified prospective basis, Legal Services NYC recognized the revenue from the LSC awards received in 2019 when barriers were overcome (e.g. compliance with federal laws on proper use of the funds, cost standards and procedures). The LSC revenue recognized in 2019 was \$12,665,394. The excess of cash receipts from 2019 grant awards over program qualifying expenditures, in the amount of \$126,655, is included in contract advances on the consolidated statement of financial position.

NOTE 4 PROPERTY, EQUIPMENT, AND LAW LIBRARIES

Property, equipment, and law libraries are detailed as follows:

Asset Description	Cost	Accumulated Depreciation and Amortization	Net Book Value	
			2019	2018
Building	\$ 4,914,190	\$ 811,690	\$ 4,102,500	\$ 4,303,640
Leasehold improvements	6,991,949	3,711,572	3,280,377	3,397,414
Furnitures, fixtures, and equipment	3,786,891	2,934,227	852,664	748,796
Law libraries	46,753	44,316	2,437	4,385
Total	<u>\$ 15,739,783</u>	<u>\$ 7,501,805</u>	<u>\$ 8,237,978</u>	<u>\$ 8,454,235</u>

Depreciation and amortization expense was \$928,112 and \$1,010,641 for the years ended December 31, 2019 and 2018, respectively.

LSC and other government agencies may retain certain reversionary interests in the property, equipment, and law libraries purchased with their funds, as well as the determination of the use of any proceeds from the sale of such assets.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

NOTE 5 GOVERNMENT AND PRIVATE CONTRACTS RECEIVABLE

At December 31, 2019 and 2018, government and private contracts receivable consisted of the following:

	<u>2019</u>	<u>2018</u>
Federal	\$ 1,860,324	\$ 2,025,327
New York State	7,249,991	4,565,693
New York City	17,419,756	18,084,483
Private contracts	<u>529,914</u>	<u>376,587</u>
	<u>\$ 27,059,985</u>	<u>\$ 25,052,090</u>

This amount includes \$971,278 and \$5,051,928 from unexecuted and/or unregistered contracts with the City of New York as of October 30, 2020 and May 3, 2019, respectively. Management believes that Legal Services NYC will ultimately collect these amounts as these are amounts due for services performed or expenditures incurred on recurring contracts with the City of New York.

Legal Services NYC expects to collect all government and private contracts receivable within one year. Accordingly, no provision for doubtful accounts has been recognized in the accompanying consolidated financial statements.

As of December 31, 2019, Legal Services NYC has outstanding unrecorded conditional government and private contract receivables of approximately \$29,435,000. Revenue for these conditional grants and contracts will be recognized in future periods when the related barriers are overcome when the conditions have been substantially met.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

NOTE 6 SUMMARY OF FUNDING UNDER GOVERNMENT AND PRIVATE CONTRACTS

Government and private contracts revenue for the years ended December 31, 2019 and 2018, are summarized as follows:

	2019	2018
Federal	\$ 1,493,686	\$ 1,625,189
New York State	16,935,195	15,415,163
New York City	39,551,640	33,781,992
Private contracts	1,767,872	1,574,045
	\$ 59,748,393	\$ 52,396,389

NOTE 7 NOTES PAYABLE

Notes payable are for financing the purchase of capital equipment and leasehold improvement. Notes payable balance at December 31, 2019 and 2018, consist of the following:

	2019	2018
Note payable, 5.0%, due November 2022	\$ 51,444	\$ 73,633
Note payable, 7.5%, due September 2021	67,217	101,752
Total	118,661	175,385
Less current portion	59,749	56,724
	\$ 58,912	\$ 118,661

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

NOTE 8 ACCRUED VACATION LEAVE PAYABLE

Legal Services NYC's vacation policy permits management and non-management personnel to accrue maximum up to 45 days and 40 days, respectively, of paid vacation time.

The accumulated vacation obligation as of December 31, 2019 and 2018 was as follows:

	2019	2018
Management personnel	\$ 1,669,845	\$ 1,465,344
Non-management personnel	3,104,071	2,651,018
	\$ 4,773,916	\$ 4,116,362

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 and 2018 are available to satisfy LSC and other program purposes. The changes in Legal Services NYC's net assets with donor restrictions are summarized below:

Purpose /Funding Source	Balance January 1, 2019	Revenue	Reclassification of LSC funds	Acquisition of Property from LSC Funds	Release from Restrictions	Balance December 31, 2019
LSC						
Grant	\$ 1,206,135	\$ -	\$ 159,750	\$ (122,048)	\$ (565,964)	\$ 677,873
Property	370,899	-	(159,750)	122,048	(39,369)	293,828
Total LSC	1,577,034	-	-	-	(605,333)	971,701
Non-LSC	11,430,763	2,830,130	-	-	(2,390,730)	11,870,163
Total	\$ 13,007,797	\$ 2,830,130	\$ -	\$ -	\$ (2,996,063)	\$ 12,841,864

Purpose /Funding Source	Balance January 1, 2018	Revenue	Acquisition of Property from LSC Funds	Release from Restrictions	Balance December 31, 2018
LSC					
Grant	\$ 960,279	\$ 12,881,688	\$ (366,357)	\$ (12,269,475)	\$ 1,206,135
Property	24,877	-	366,357	(20,335)	370,899
Total LSC	985,156	12,881,688	-	(12,289,810)	1,577,034
Non-LSC	11,368,677	3,115,261	-	(3,053,175)	11,430,763
Total	\$ 12,353,833	\$ 15,996,949	\$ -	\$ (16,258,277)	\$ 13,007,797

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**
Notes to Consolidated Financial Statements
December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

NOTE 10 EMPLOYEE BENEFIT PLAN

Legal Services NYC sponsors The Legal Services NYC Tax Deferred Annuity Plan (the Plan), a 403(b) plan covering all eligible employees of Legal Services NYC and the constituent corporations. Under the terms of the collective bargaining agreement between the Legal Services Staff Association and Legal Services NYC, Legal Services NYC contributes 7% of gross pay of eligible employees to the Plan. Contributions are made every pay period and are made on behalf of employees with one or more years of service. The Plan provides for immediate vesting. Past service was credited towards vesting. The total pension expenses for the years ended December 31, 2019 and 2018 were approximately \$2,809,000 and \$2,599,000, respectively, and are included in fringe benefits on the consolidated statement of activities.

NOTE 11 COMMITMENTS AND CONTINGENCIES

1. Lease Obligations

Legal Services NYC and the CCs lease space at various locations throughout the city under noncancelable leases expiring through February 1, 2030. The leases are subject to escalations for increases in real estate taxes and other building expenses. The following is a summary of the minimum future annual lease obligations:

Year ending December 31,	Minimum Lease Payments
2020	\$ 3,831,856
2021	3,100,876
2022	2,322,771
2023	2,187,857
2024	2,029,164
Thereafter	6,562,993
	\$ 20,035,517

Rent expense for the years ended December 31, 2019 and 2018 amounted to \$4,115,699 and \$3,293,935, respectively, and is included in space on the consolidated statement of activities.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal Services NYC recognizes deferred rent obligations for the difference between the cumulative amounts of rent expenses recorded on a straight-line basis over the term of the lease and the cumulative required amounts paid under the lease.

Legal Services NYC has incentives from certain landlords for leasehold improvements amounting to \$538,585 and \$703,457 for the years ended December 31, 2019 and 2018, respectively. Such amount is included in leasehold improvements and deferred rent obligations in the accompanying consolidated statement of financial position and is being amortized over the terms of the leases.

2. Collective Bargaining Agreement

The collective bargaining agreement covers non-management personnel of Legal Services NYC for the period from July 1, 2017 to June 30, 2021.

3. Contingent Liabilities

Legal matters for Legal Services NYC and the CCs are handled by outside legal counsel, who advised that as of December 31, 2019, there were legal actions pending against Legal Services NYC and the CCs. In the opinion of management and its legal counsel, these cases will be dismissed, settled within the limits of insurance coverage, or any resultant liability would not be material to the consolidated financial statements.

4. Funding Source Audits

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in adjustments to reimbursements claimed by Legal Services NYC for the various programs conducted for or on behalf of the funding agencies. Management is of the opinion that the results of such audits would not have a material effect in the accompanying consolidated financial statements for such potential adjustments.

NOTE 12 DONATED SERVICES

Legal Services NYC and the CCs receive legal services from consultants, attorneys and law firms that donate their time to various programs on a pro bono basis. These donated services, which have an estimated fair value of \$42,207,330 and \$44,355,867 for 2019 and 2018, respectively, have been reflected in the accompanying consolidated statement of activities.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

NOTE 13 CONCENTRATION OF CREDIT RISK

Legal Services NYC maintains its cash in a number of bank accounts, of which all are interest-bearing accounts. The cash in these accounts from time to time exceeds the Federal Deposit Insurance Corporation limits and subjects Legal Services NYC to concentration of credit risk. However, Legal Services NYC monitors this risk on a regular basis. Substantially all of Legal Services NYC's cash and cash equivalents at December 31, 2019 and 2018 are held by one financial institution.

NOTE 14 COMPARATIVE FINANCIAL INFORMATION

The accompanying consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Legal Services NYC's consolidated financial statements as of and for the year ended December 31, 2018, from which the summarized information was derived.

NOTE 15 BOARD-DESIGNATED RESERVE

The board-designated reserve is maintained as an operating reserve for the organization. The reserve is not used to provide income for operations, but to be available as a reserve for appropriation by the board. The target amount for the reserve was set at one month of budgeted expenses for the organization. At December 31, 2019, the target reserve had a balance of \$5,647,407 for both 2019 and 2018. In 2019, there were no additional authorizations made by the board.

NOTE 16 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Legal Services NYC regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Legal Services NYC has cash and cash equivalents as a source of liquidity at its disposal. The government and private contracts receivable are all due within one year since these amounts mainly represents monies for reimbursement to Legal Services NYC or monies to be received for services already performed which are all available for use in meeting annual operating needs. Grants and contributions receivable are due within one year and are also considered available for use in meeting annual operating needs.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

**NOTE 16 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS
(CONTINUED)**

	2019	2018
Financial assets at December 31,		
Cash and cash equivalents	\$ 878,817	\$ 2,507,200
Government and private contracts receivable	27,059,985	25,052,090
Grants and contributions receivable	1,063,161	734,716
Other receivable	299,033	124,661
Financial assets available to meet cash needs		
for general expenditures within one year	\$ 29,300,996	\$ 28,418,667

NOTE 17 LINES OF CREDIT

In February 2019, Legal Services NYC entered into a line of credit agreement with a bank for \$3,000,000 at 4.75% annual interest, in order to ensure continued liquidity in the face of mounting accounts receivables resulting from unexecuted and/or unregistered contracts with the City of New York. The line of credit expired June 30, 2020. In August 2020, Legal Services NYC entered into a revolving line of credit agreement with a bank for \$3,500,000 at 3.75% annual interest. The line of credit expires on June 30, 2021. The line of credit is secured by various assets.

NOTE 18 FUNCTIONAL EXPENSES

Personnel costs directly allocated to programs are based on hours charged by each employee by function as recorded in the Legal Services NYC's case management system. Other than personnel costs allocated to programs are based on the ratio as established from personnel charges. Personnel costs allocated to management and general and fundraising are based on actual time spent on each function. Other than personnel costs allocated to management, general and fundraising are based on direct charges.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**
Notes to Consolidated Financial Statements
December 31, 2019

(with selected summarized comparative information as of and for the year ended December 31, 2018)

NOTE 19 FUNCTIONAL EXPENSES (CONTINUED)

Below is the functional classification of Legal Services NYC's expenses.

	2019								2018	
	Program Services				Supporting Services				Total	Summarized Information
	Housing	Income Maintenance	Family	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services		
<i>Personnel</i>										
Lawyers	\$ 17,558,801	\$ 4,840,620	\$ 2,014,208	\$ 6,700,820	\$ 31,114,449	\$ 422,815	\$ -	\$ 422,815	\$ 31,537,264	\$ 28,654,231
Lawyers, donated services	22,461,224	6,192,123	2,576,575	8,571,691	39,801,613	2,405,717	-	2,405,717	42,207,330	44,355,867
Nonlawyers	6,964,646	1,920,017	798,929	2,657,860	12,341,452	4,072,910	328,937	4,401,847	16,743,299	14,555,520
Fringe benefits	9,919,435	2,734,595	1,137,880	3,785,472	17,577,382	962,274	85,751	1,048,025	18,625,407	16,767,875
Provision for vacation leave	320,057	88,233	36,714	122,141	567,145	90,409	-	90,409	657,554	566,236
Total personnel	<u>57,224,163</u>	<u>15,775,588</u>	<u>6,564,306</u>	<u>21,837,984</u>	<u>101,402,041</u>	<u>7,954,125</u>	<u>414,688</u>	<u>8,368,813</u>	<u>109,770,854</u>	<u>104,899,729</u>
<i>Other than personnel costs</i>										
Consultants and contract services	314,168	86,610	36,039	119,893	556,710	791,813	1,664	793,477	1,350,187	1,248,005
Travel	116,157	32,022	13,325	44,328	205,832	31,152	494	31,646	237,478	182,991
Space	2,823,352	778,343	323,873	1,077,453	5,003,021	620,276	-	620,276	5,623,297	4,726,249
Consumable supplies	444,767	122,614	51,020	169,733	788,134	86,961	61,434	148,395	936,529	864,970
Telephone	630,955	173,942	72,378	240,786	1,118,061	86,211	193	86,404	1,204,465	799,534
Insurance	21,509	5,930	2,467	8,208	38,114	252,515	-	252,515	290,629	292,031
Equipment rental, maintenance, etc.	333,799	92,022	38,291	127,385	591,497	148,059	18,614	166,673	758,170	669,784
Depreciation and amortization	288,106	79,425	33,049	109,948	510,528	417,584	-	417,584	928,112	1,010,641
Litigation cost	360,106	99,274	41,309	137,425	638,114	(76,711)	180	(76,531)	561,583	429,249
Other expenses	564,642	155,661	64,771	215,481	1,000,555	534,909	66,549	601,458	1,602,013	1,568,397
Bad debt	1,540	424	177	588	2,729	-	-	-	2,729	8,728
Payments to other organizations	415,745	114,613	47,691	158,656	736,705	1,380,030	-	1,380,030	2,116,735	2,144,535
Loss on disposal	-	-	-	-	-	-	-	-	-	31,150
Total other than personnel costs	<u>6,314,846</u>	<u>1,740,880</u>	<u>724,390</u>	<u>2,409,884</u>	<u>11,190,000</u>	<u>4,272,799</u>	<u>149,128</u>	<u>4,421,927</u>	<u>15,611,927</u>	<u>13,976,264</u>
Total expenses - 2019	<u>\$ 63,539,009</u>	<u>\$ 17,516,468</u>	<u>\$ 7,288,696</u>	<u>\$ 24,247,868</u>	<u>\$ 112,592,041</u>	<u>\$ 12,226,924</u>	<u>\$ 563,816</u>	<u>\$ 12,790,740</u>	<u>\$ 125,382,781</u>	
Total expenses - 2018	<u>\$ 62,507,465</u>	<u>\$ 17,698,934</u>	<u>\$ 6,315,665</u>	<u>\$ 18,681,105</u>	<u>\$ 105,203,169</u>	<u>\$ 12,944,593</u>	<u>\$ 728,231</u>	<u>\$ 13,672,824</u>		<u>\$ 118,875,993</u>

CONSOLIDATING INFORMATION

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS

Consolidating Statement of Financial Position

December 31, 2019

(with summarized comparative information as of December 31, 2018)

	Legal Services NYC				Constituent Corporations					Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	Eliminations	2019	2018
ASSETS											
<i>Current assets</i>											
Cash and cash equivalents	\$ 849,317	\$ -	\$ 2,000	\$ 851,317	\$ 10,900	\$ 6,000	\$ 3,000	\$ 7,600	\$ -	\$ 878,817	\$ 2,507,200
Government and private contracts receivable	441,422	674,101	1,694,578	2,810,101	7,678,824	4,048,510	6,066,874	6,455,676	-	27,059,985	25,052,090
Private grants and contributions receivable	170,301	170,684	54,693	395,678	74,537	179,285	95,639	318,022	-	1,063,161	734,716
Other receivable	213,451	-	-	213,451	13,416	18	624	71,524	-	299,033	124,661
Prepayments	162,930	2,963	-	165,893	54,554	7,650	883	6,255	-	235,235	165,921
Intercompany receivables	11,073,492	-	-	11,073,492	-	-	-	-	(11,073,492)	-	-
Escrow accounts	-	-	32,490	32,490	407,637	51,578	115,622	160,613	-	767,940	801,025
Total current assets	12,910,913	847,748	1,783,761	15,542,422	8,239,868	4,293,041	6,282,642	7,019,690	(11,073,492)	30,304,171	29,385,613
<i>Other Assets</i>											
Property, equipment, and law libraries, net	4,579,623	45,730	-	4,625,353	1,161,122	319,191	1,171,828	960,484	-	8,237,978	8,454,235
Security deposits	243,778	-	5,522	249,300	135,125	42,251	279,349	115,507	-	821,532	797,811
Total assets	\$ 17,734,314	\$ 893,478	\$ 1,789,283	\$ 20,417,075	\$ 9,536,115	\$ 4,654,483	\$ 7,733,819	\$ 8,095,681	\$ (11,073,492)	\$ 39,363,681	\$ 38,637,659
LIABILITIES AND NET ASSETS											
<i>Current liabilities</i>											
Accounts payable and accrued expenses	\$ 3,758,698	\$ 24,129	\$ 53,044	\$ 3,835,871	\$ 296,183	\$ 127,019	\$ 74,807	\$ 130,757	\$ -	\$ 4,464,637	\$ 4,396,392
Notes payable, current portion	37,217	-	-	37,217	22,532	-	-	-	-	59,749	56,724
Contract advances	-	105,260	-	105,260	11,913	5,025	239,861	54,531	-	416,590	239,899
Accrued vacation leave payable	825,279	-	259,077	1,084,356	1,290,994	744,486	689,832	964,248	-	4,773,916	4,116,362
Due to grantor	-	-	-	-	11,754	3,038	-	-	-	14,792	14,792
Intercompany payables	-	745,583	410,391	1,155,974	4,244,727	1,122,128	2,894,354	1,656,309	(11,073,492)	-	-
Escrow accounts	-	-	32,490	32,490	407,637	51,578	115,622	160,613	-	767,940	801,025
Total current liabilities	4,621,194	874,972	755,002	6,251,168	6,285,740	2,053,274	4,014,476	2,966,458	(11,073,492)	10,497,624	9,625,194
Notes payable, less current portion	30,000	-	-	30,000	28,912	-	-	-	-	58,912	118,661
Deferred rent obligations	259,147	-	6,829	265,976	362,253	399,696	534,606	281,772	-	1,844,303	1,539,188
Total liabilities	4,910,341	874,972	761,831	6,547,144	6,676,905	2,452,970	4,549,082	3,248,230	(11,073,492)	12,400,839	11,283,043
<i>Net assets</i>											
Net assets without restrictions - undesignated	7,133,982	(158,433)	396,337	7,371,886	(1,149,804)	573,273	492,731	1,185,485	-	8,473,571	8,699,412
Net assets without restrictions - board-designated	5,647,407	-	-	5,647,407	-	-	-	-	-	5,647,407	5,647,407
Total net assets without donor restrictions	12,781,389	(158,433)	396,337	13,019,293	(1,149,804)	573,273	492,731	1,185,485	-	14,120,978	14,346,819
Net assets with donor restrictions	42,584	176,939	631,115	850,638	4,009,014	1,628,240	2,692,006	3,661,966	-	12,841,864	13,007,797
Total net assets	12,823,973	18,506	1,027,452	13,869,931	2,859,210	2,201,513	3,184,737	4,847,451	-	26,962,842	27,354,616
Total liabilities and net assets	\$ 17,734,314	\$ 893,478	\$ 1,789,283	\$ 20,417,075	\$ 9,536,115	\$ 4,654,483	\$ 7,733,819	\$ 8,095,681	\$ (11,073,492)	\$ 39,363,681	\$ 38,637,659

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Activities
Year Ended December 31, 2019
(with summarized comparative information for the year ended December 31, 2018)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2019	2018
SUPPORT AND REVENUE										
Without donor restrictions										
<i>Support</i>										
Legal Services Corporation (LSC)										
Basic grant	\$ -	\$ 659,615	\$ 380,672	\$ 1,040,287	\$ 4,150,797	\$ 1,992,615	\$ 2,459,316	\$ 2,885,859	\$ 12,528,874	\$ -
Other grants	-	92,171	-	92,171	18,161	13,196	9,308	3,684	136,520	-
Attorney fees	-	-	-	-	-	-	51	4,330	4,381	-
Interest on Lawyers' Account (IOLA)	-	750,666	266,273	1,016,939	1,664,154	948,180	897,560	1,001,502	5,528,335	5,684,326
Donated services	2,405,717	16,621,507	415,872	19,443,096	6,962,436	2,854,181	8,266,598	4,681,019	42,207,330	44,355,867
Fund-raising events	1,095,275	8,820	18,205	1,122,300	109,075	139,650	3,000	-	1,374,025	1,293,175
Grants and Contributions	376,126	-	2,099	378,225	26,569	7,782	10,736	50,922	474,234	607,631
Total support	3,877,118	18,132,779	1,083,121	23,093,018	12,931,192	5,955,604	11,646,569	8,627,316	62,253,699	51,940,999
<i>Revenue</i>										
Government and private contracts	898,015	2,255,695	3,555,935	6,709,645	17,171,110	10,147,871	9,075,308	16,644,459	59,748,393	52,396,389
Attorney fees	-	-	50,950	50,950	32,500	18,150	30,752	24,770	157,122	455,434
Interest	172	-	-	172	-	257	-	444	873	721
Other revenue	390	-	-	390	100	300	-	-	790	1,180
Total revenue	898,577	2,255,695	3,606,885	6,761,157	17,203,710	10,166,578	9,106,060	16,669,673	59,907,178	52,853,724
Net assets released from restrictions	-	300,729	438,501	739,230	947,197	487,260	487,894	334,482	2,996,063	15,342,985
Total without donor restrictions support and revenue	4,775,695	20,689,203	5,128,507	30,593,405	31,082,099	16,609,442	21,240,523	25,631,471	125,156,940	120,137,708
With donor restrictions										
<i>Support</i>										
Legal Services Corporation (LSC)										
Basic grant	-	-	-	-	-	-	-	-	-	12,574,824
Other grants	-	-	-	-	-	-	-	-	-	266,453
Attorney fees	-	-	-	-	-	-	-	-	-	40,411
Grants and Contributions	42,584	426,164	256,438	725,186	880,722	465,181	271,006	488,035	2,830,130	3,115,261
Total support	42,584	426,164	256,438	725,186	880,722	465,181	271,006	488,035	2,830,130	15,996,949
Net assets released from restrictions	-	(300,729)	(438,501)	(739,230)	(947,197)	(487,260)	(487,894)	(334,482)	(2,996,063)	(15,342,985)
Total with donor restrictions support and revenue	42,584	125,435	(182,063)	(14,044)	(66,475)	(22,079)	(216,888)	153,553	(165,933)	653,964
Total support and revenue	4,818,279	20,814,638	4,946,444	30,579,361	31,015,624	16,587,363	21,023,635	25,785,024	124,991,007	120,791,672

Consolidating Statement of Activities (continued)
Year Ended December 31, 2019
(with summarized comparative information for the year ended December 31, 2018)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2019	2018
EXPENSES										
<i>Personnel</i>										
Lawyers	\$ 422,815	\$ 1,588,252	\$ 2,019,994	\$ 4,031,061	\$ 9,261,818	\$ 5,326,832	\$ 4,882,773	\$ 8,034,780	\$ 31,537,264	\$ 28,654,231
Lawyers, donated services	2,405,717	16,621,508	415,872	19,443,097	6,962,436	2,854,181	8,266,597	4,681,019	42,207,330	44,355,867
Nonlawyers	4,401,844	879,655	660,354	5,941,853	3,500,752	2,006,694	2,028,975	3,265,025	16,743,299	14,555,520
Fringe benefits	1,048,026	920,219	1,053,175	3,021,420	5,622,067	2,750,907	2,528,878	4,702,135	18,625,407	16,767,875
Provision for vacation leave	90,408	-	63,010	153,418	79,853	113,463	82,798	228,022	657,554	566,236
Total personnel	8,368,810	20,009,634	4,212,405	32,590,849	25,426,926	13,052,077	17,790,021	20,910,981	109,770,854	104,899,729
<i>Other than personnel costs</i>										
Consultants and contract services	793,476	8,348	43,328	845,152	228,954	64,575	135,822	75,684	1,350,187	1,248,005
Travel	31,647	15,367	18,846	65,860	57,409	44,970	19,000	50,239	237,478	182,991
Space	620,275	94,919	193,130	908,324	1,500,159	1,028,029	1,411,421	775,364	5,623,297	4,726,249
Consumable supplies	148,396	98,660	24,607	271,663	196,643	138,763	74,046	255,414	936,529	864,970
Telephone	86,404	39,801	75,621	201,826	385,186	182,207	185,915	249,331	1,204,465	799,534
Insurance	252,517	1,333	2,946	256,796	12,753	5,459	4,563	11,058	290,629	292,031
Equipment rental, maintenance, etc.	166,673	22,998	27,011	216,682	198,518	106,676	75,769	160,525	758,170	669,784
Depreciation and amortization	417,584	50,467	3,750	471,801	108,909	46,967	191,805	108,630	928,112	1,010,641
Litigation cost	(76,531)	52,606	33,010	9,085	174,694	80,820	93,332	203,652	561,583	429,249
Other	601,458	229,782	52,317	883,557	277,820	146,629	73,063	220,944	1,602,013	1,568,397
Bad debt	-	-	-	-	-	2,549	180	-	2,729	8,728
Payments to other organizations	1,380,030	16,500	650	1,397,180	122,202	111,826	150,948	334,579	2,116,735	2,144,535
Loss on disposal	-	-	-	-	-	-	-	-	-	31,150
Intercompany expense allocation	(7,904,962)	411,631	449,227	(7,044,104)	2,388,971	1,310,821	1,255,119	2,089,193	-	-
Total other than personnel costs	(3,483,033)	1,042,412	924,443	(1,516,178)	5,652,218	3,270,291	3,670,983	4,534,613	15,611,927	13,976,264
Total expenses	4,885,777	21,052,046	5,136,848	31,074,671	31,079,144	16,322,368	21,461,004	25,445,594	125,382,781	118,875,993
<i>Change in net assets</i>										
Without donor restrictions - undesignated	(110,082)	(362,843)	(8,341)	(481,266)	2,955	287,074	(220,481)	185,877	(225,841)	1,261,715
Total without donor restrictions	(110,082)	(362,843)	(8,341)	(481,266)	2,955	287,074	(220,481)	185,877	(225,841)	1,261,715
With donor restrictions	42,584	125,435	(182,063)	(14,044)	(66,475)	(22,079)	(216,888)	153,553	(165,933)	653,964
Total change in net assets	(67,498)	(237,408)	(190,404)	(495,310)	(63,520)	264,995	(437,369)	339,430	(391,774)	1,915,679

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS

Consolidating Statement of Activities

Year Ended December 31, 2019

(with summarized comparative information for the year ended December 31, 2018)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2019	2018
<i>Net assets at beginning of year</i>										
Without donor restrictions - undesignated	\$ 7,244,064	\$ 204,410	\$ 404,678	\$ 7,853,152	\$ (1,152,759)	\$ 286,199	\$ 713,212	\$ 999,608	\$ 8,699,412	\$ 7,437,697
Without donor restrictions - board-designated	5,647,407	-	-	5,647,407	-	-	-	-	5,647,407	5,647,407
Total unrestricted	12,891,471	204,410	404,678	13,500,559	(1,152,759)	286,199	713,212	999,608	14,346,819	13,085,104
With donor restrictions	-	51,504	813,178	864,682	4,075,489	1,650,319	2,908,894	3,508,413	13,007,797	12,353,833
Total	12,891,471	255,914	1,217,856	14,365,241	2,922,730	1,936,518	3,622,106	4,508,021	27,354,616	25,438,937
<i>Net assets at end of year</i>										
Without donor restrictions - undesignated	7,133,982	(158,433)	396,337	7,371,886	(1,149,804)	573,273	492,731	1,185,485	8,473,571	8,699,412
Without donor restrictions - board-designated	5,647,407	-	-	5,647,407	-	-	-	-	5,647,407	5,647,407
Total unrestricted	12,781,389	(158,433)	396,337	13,019,293	(1,149,804)	573,273	492,731	1,185,485	14,120,978	14,346,819
With donor restrictions	42,584	176,939	631,115	850,638	4,009,014	1,628,240	2,692,006	3,661,966	12,841,864	13,007,797
Total	\$ 12,823,973	\$ 18,506	\$ 1,027,452	\$ 13,869,931	\$ 2,859,210	\$ 2,201,513	\$ 3,184,737	\$ 4,847,451	\$ 26,962,842	\$ 27,354,616

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Cash Flows
Year Ended December 31, 2019
(with summarized comparative information for the year ended December 31, 2018)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES										
Change in net assets	\$ (67,498)	\$ (237,408)	\$ (190,404)	\$ (495,310)	\$ (63,520)	\$ 264,995	\$ (437,369)	\$ 339,430	\$ (391,774)	\$ 1,915,679
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities</i>										
Depreciation and amortization	417,584	50,467	3,750	471,801	108,909	46,967	191,805	108,630	928,112	1,010,641
Bad debt	-	-	-	-	-	2,549	180	-	2,729	-
Loss on disposal	-	-	-	-	-	-	-	-	-	31,150
Changes in operating assets and liabilities:										
(Increase) decrease in government and private contracts receivable	(5,650)	75,185	(651,870)	(582,335)	370,231	473,741	(1,703,536)	(466,311)	(1,908,210)	(9,040,135)
(Increase) decrease in grants and contributions receivable	(107,113)	(131,487)	(54,693)	(293,293)	(9,356)	87,360	(5,802)	(209,587)	(430,678)	463,186
(Increase) decrease in other receivable	(102,268)	-	38	(102,230)	(6,303)	5,206	(124)	(71,102)	(174,553)	(39,586)
(Increase) decrease in prepayments	(47,944)	1,341	500	(46,103)	(27,415)	(2,822)	1,407	5,619	(69,314)	(88,627)
(Increase) decrease in security deposits	(39,086)	-	-	(39,086)	20,666	(5,300)	-	-	(23,720)	(70,991)
(Increase) decrease in intercompany receivables	(2,063,497)	-	439,095	(1,624,402)	-	-	-	-	(1,624,402)	(5,605,451)
Increase (decrease) in accounts payable and accrued expenses	945,340	(49,695)	(26,647)	868,998	(249,048)	(167,547)	(164,150)	(220,009)	68,244	1,210,652
Increase (decrease) in contract advances	(148,419)	105,260	-	(43,159)	(51,877)	1,195	239,861	30,671	176,691	155,928
Increase (decrease) in intercompany payables	-	186,337	410,391	596,728	128,925	(748,843)	1,260,326	387,266	1,624,402	5,605,451
Increase in accrued vacation leave payable	90,409	-	63,011	153,420	79,853	113,463	82,796	228,022	657,554	566,234
Increase (decrease) in deferred rent obligations	(155,472)	-	6,829	(148,643)	(33,438)	9,775	534,606	(57,185)	305,115	(64,072)
Net cash (used in) provided by operating activities	(1,283,614)	-	-	(1,283,614)	267,627	80,739	-	75,444	(859,804)	(3,949,941)
CASH FLOWS FROM INVESTING ACTIVITIES										
Proceeds from sale of property	-	-	-	-	-	-	-	-	-	-
Purchases of property and equipment	(310,234)	-	-	(310,234)	(245,438)	(80,739)	-	(75,444)	(711,855)	(325,234)
Net cash used in investing activities	(310,234)	-	-	(310,234)	(245,438)	(80,739)	-	(75,444)	(711,855)	(325,234)
CASH FLOWS FROM FINANCING ACTIVITIES										
Proceeds from line of credit	1,500,000	-	-	1,500,000	-	-	-	-	1,500,000	-
Repayment of line of credit	(1,500,000)	-	-	(1,500,000)	-	-	-	-	(1,500,000)	-
Repayment of notes payable	(34,535)	-	-	(34,535)	(22,189)	-	-	-	(56,724)	(53,157)
Net cash used in financing activities	(34,535)	-	-	(34,535)	(22,189)	-	-	-	(56,724)	(53,157)
Net change in cash and cash equivalents	(1,628,383)	-	-	(1,628,383)	-	-	-	-	(1,628,383)	(4,328,332)
Cash and cash equivalents at beginning of year	2,477,700	-	2,000	2,479,700	10,900	6,000	3,000	7,600	2,507,200	6,835,532
Cash and cash equivalents at end of year	\$ 849,317	\$ -	\$ 2,000	\$ 851,317	\$ 10,900	\$ 6,000	\$ 3,000	\$ 7,600	\$ 878,817	\$ 2,507,200
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION										
Cash paid for interest	\$ 28,113	\$ -	\$ -	\$ 28,113	\$ 3,178	\$ -	\$ -	\$ -	\$ 31,291	\$ 13,191