

# **Legal Services NYC and Constituent Corporations**

Consolidated Financial Report  
and Supplementary Information  
December 31, 2020

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RSM US LLP

## Independent Auditor's Report

Board of Directors  
Legal Services NYC and Constituent Corporations

### Report on the Consolidated 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, 2020, 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 as of December 31, 2020, 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.

**Emphasis of Matter**

As discussed in Note 17 to the financial statements, the 2020 opening net assets balances have been restated to correct an error within net assets classification. 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  
February 10, 2022

## **FINANCIAL STATEMENTS**

**LEGAL SERVICES NYC  
AND CONSTITUENT CORPORATIONS**  
Consolidated Statement of Financial Position  
December 31, 2020

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**ASSETS**

*Current assets*

Cash and cash equivalents	\$ 10,629,323
Government and private contracts receivable	18,709,403
Grants and contributions receivable	1,396,457
Other receivable	189,437
Prepayments	216,196
Escrow accounts	590,530
Total current assets	31,731,346

*Other assets*

Property, equipment, and law libraries, net	7,657,901
Security deposits	792,828
Certificate of deposit	670,414
Total assets	\$ 40,852,489

**LIABILITIES AND NET ASSETS**

*Current liabilities*

Accounts payable and accrued expenses	\$ 3,867,426
Notes payable, current portion	44,536
Contract advances	3,707,501
Accrued vacation leave payable	6,251,802
Due to grantor	14,792
Escrow accounts	590,530
Total current liabilities	14,476,587

*Long-term debt and other obligations*

Notes payable, less current portion	14,173
Deferred rent obligations	1,664,442
Total liabilities	16,155,202

Commitments and contingencies (note 11)

*Net assets*

Net assets without donor restrictions:	
Undesignated	18,392,809
Board-designated	5,647,407
Legal Services Corporation - Property	292,125
Total net assets without donor restrictions	24,332,341
Net assets with donor restrictions:	364,946
Total net assets	24,697,287
Total liabilities and net assets	\$ 40,852,489

See notes to consolidated financial statements.

**LEGAL SERVICES NYC  
AND CONSTITUENT CORPORATIONS**  
Consolidated Statement of Activities  
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
<i>Grants and contributions</i>			
Legal Services Corporation (LSC)			
Basic	\$ 13,420,269	\$ -	\$ 13,420,269
Other grants	1,883,416	-	1,883,416
Interest on Lawyers' Account (IOLA)	5,094,169	-	5,094,169
Donated services	37,069,980	-	37,069,980
Fund-raising events	1,479,119	-	1,479,119
Private grants and contributions	679,767	3,213,725	3,893,492
Total grants and contributions	<u>59,626,720</u>	<u>3,213,725</u>	<u>62,840,445</u>
<i>Revenue</i>			
Government and private contracts	61,976,933	-	61,976,933
Attorney fees	290,033	-	290,033
Interest	16,582	-	16,582
Other revenue	310	-	310
Total revenue	<u>62,283,858</u>	<u>-</u>	<u>62,283,858</u>
Net assets released from restrictions	3,426,607	(3,426,607)	-
Total support and revenue	<u>125,337,185</u>	<u>(212,882)</u>	<u>125,124,303</u>
<b>EXPENSES</b>			
<i>Personnel</i>			
Lawyers	34,123,343	-	34,123,343
Lawyers, donated services	37,069,980	-	37,069,980
Nonlawyers	18,755,015	-	18,755,015
Fringe benefits	19,953,810	-	19,953,810
Provision for vacation leave	1,477,886	-	1,477,886
Total personnel	<u>111,380,034</u>	<u>-</u>	<u>111,380,034</u>
<i>Other than personnel costs</i>			
Consultants and contract services	1,477,691	-	1,477,691
Travel	83,900	-	83,900
Space	5,190,458	-	5,190,458
Consumable supplies	627,986	-	627,986
Telephone	1,058,899	-	1,058,899
Insurance	292,449	-	292,449
Equipment rental, maintenance, etc.	793,390	-	793,390
Depreciation and amortization	1,121,183	-	1,121,183
Litigation cost	886,872	-	886,872
Other	1,374,782	-	1,374,782
Bad debt	596,255	-	596,255
Payments to other organizations	1,828,086	-	1,828,086
Total other than personnel costs	<u>15,331,951</u>	<u>-</u>	<u>15,331,951</u>
Total expenses	<u>126,711,985</u>	<u>-</u>	<u>126,711,985</u>
Change in net assets before other changes	(1,374,800)	(212,882)	(1,587,682)
Other changes in net assets:			
Reclassification in accordance with LSC Program Letter 20-4 - Property Fund	293,828	(293,828)	-
Reclassification in accordance with LSC Program Letter 20-4	-	(677,873)	(677,873)
Change in net assets	<u>(1,080,972)</u>	<u>(1,184,583)</u>	<u>(2,265,555)</u>
Net assets at beginning of year (as restated)	<u>25,413,313</u>	<u>1,549,529</u>	<u>26,962,842</u>
Net assets at end of year	<u>\$ 24,332,341</u>	<u>\$ 364,946</u>	<u>\$ 24,697,287</u>

See notes to consolidated financial statements.

**LEGAL SERVICES NYC  
AND CONSTITUENT CORPORATIONS**

Consolidated Statement of Cash Flows

Year Ended December 31, 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (2,265,555)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>	
Depreciation and amortization	1,121,183
Bad debt	596,255
Changes in operating assets and liabilities:	
Decrease in government and private contracts receivable	7,754,328
Increase in grants and contributions receivable	(333,296)
Decrease in other receivable	109,595
Decrease in prepayments	19,039
Decrease in security deposits	28,704
Decrease in escrow accounts	177,410
Increase in accounts payable and accrued expenses	(597,211)
Increase in contract advances	3,290,911
Increase in accrued vacation leave payable	1,477,886
Decrease in escrow account	(177,410)
Decrease increase in deferred rent obligations	(179,861)
<b>Net cash provided by operating activities</b>	<u>11,021,978</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of a certificate of deposit	(670,414)
Purchases of property and equipment	(541,106)
<b>Net cash used in investing activities</b>	<u>(1,211,520)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Repayment of notes payable	(59,952)
<b>Net cash used in financing activities</b>	<u>(59,952)</u>
Net change in cash and cash equivalents	9,750,506
Cash and cash equivalents at beginning of year	878,817
Cash and cash equivalents at end of year	<u>\$ 10,629,323</u>
<b>SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION</b>	
Cash paid for interest	<u>\$ 4,078</u>

See notes to consolidated financial statements.



**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2020

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**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 SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2020

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**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.

2. Cash and Cash Equivalents

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

**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2020

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

3.    Fair Value Measurements

Legal Services NYC's assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest priority to fair values determined using unadjusted quoted prices in active markets for identical asset or liabilities (Level 1) and the lowest priority to fair values determined using unobservable inputs (Level 3). An asset's or liability's classification is determined based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that Legal Services NYC has the ability to access at the measurement date.

Level 2: Valuations derived from inputs other than quoted market prices for identical assets and liabilities that are observable either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3: Valuations are derived from techniques that require significant unobservable inputs. Legal Services NYC has no assets or liabilities measured at fair value in the Level 3 category.

4.    Certificate of Deposit

Certificate of deposit matures five years after date of issuance. At December 31, 2020, the certificate of deposit of \$670,414 is valued at amortized cost plus accrued interest, which approximates fair value.

**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2020

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

The following table presents Legal Services NYC’s fair value hierarchy for assets measured at fair value on a recurring basis:

Description	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificate of deposit	\$ 670,414	\$ -	\$ 670,414	\$ -
Total	<u>\$ 670,414</u>	<u>\$ -</u>	<u>\$ 670,414</u>	<u>\$ -</u>

5. 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.

6. 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 (See section 8).

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.

**LEGAL SERVICE NYC  
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Notes to Consolidated Financial Statements  
December 31, 2020

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

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 2020.

7. Government and Private Contracts

Revenue from government and private contracts are considered non-exchange transactions. 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. An amount of the contract balance for the remaining contract period is not recognized as revenue until barriers are overcome. This amount is reported as conditional receivable. Contract payments in excess of qualified expenses or performance are reported as contract advances. Contract advances were \$3,707,501 as of December 31, 2020.

8. Conditional Receivables

Conditional receivables, which contain donor-imposed conditions that represent a barrier that must be overcome as well as a right of release from obligation, shall be recognized when the condition or conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. As of December 31, 2020, Legal Services NYC has outstanding unrecorded conditional receivables of approximately \$26,600,000 from contributions, grants and contracts.

**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2020

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

9.    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.

10. 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.

11. 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
Computers	3 years

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

**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2020

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

12. 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.

13. Income Taxes

As exempt organizations, Legal Services NYC and the CCs are subject to taxes on unrelated business income (UBIT), if applicable. For the year ended December 31, 2020, Legal Services NYC and CCs did not owe any UBIT. Legal Services NYC and CCs are not classified as private foundations. 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, 2020.

Management has evaluated the income tax positions of Legal Services NYC and the CCs for the year ended December 31, 2020 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 2017.

14. 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 February 10, 2022.

**LEGAL SERVICE NYC  
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Notes to Consolidated Financial Statements  
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**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

15. Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 has adopted ASU 2014-09 for the year ended December 31, 2020. There was no impact on the consolidated financial statements.

16. Recently Issued Accounting Pronouncements

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 currently evaluating the impact of this ASU on the consolidated financial statements.

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 currently evaluating the impact of this ASU on the consolidated financial statements.



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

In November 2019, the FASB issued ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*. This ASU provides narrow-scope improvements to Topic 326. For entities that have not yet adopted ASU 2016-13 as of November 26, 2019, the effective dates for ASU 2019-11 are the same as the effective dates and transition requirements in ASU 2016-13. 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 currently 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.

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. Pursuant to the LSC Program Letter 20-4, Legal Services NYC reclassified the 2020 opening LSC net assets balance of \$677,873 from net assets with donor restrictions to contract advances. In addition, there was an additional

**LEGAL SERVICE NYC  
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Notes to Consolidated Financial Statements  
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**NOTE 3 LEGAL SERVICES CORPORATION GRANT AND EXCESS FUND BALANCE (CONTINUED)**

reclassification of \$293,828 from net assets with restrictions to net assets without restrictions, pursuant to the LSC Program Letter 20-4.

The LSC revenue recognized in 2020 was \$15,303,685. The excess of cash receipts from 2020 grant awards over program qualifying expenditures, in the amount of \$583,203, is included in contract advances on the consolidated statement of financial position.

**NOTE 4 PROPERTY, EQUIPMENT, AND LAW LIBRARIES**

Property, equipment, and law libraries as of December 31, 2020 are detailed as follows:

Asset Description	Cost	Accumulated Depreciation and Amortization	Net Book Value
Building	\$ 4,914,190	\$ 1,013,022	\$ 3,901,168
Leasehold improvements	6,969,254	4,407,941	2,561,313
Furnitures, fixtures, and equipment	4,260,684	3,065,751	1,194,933
Law libraries	52,087	51,600	487
Total	<u>\$ 16,196,215</u>	<u>\$ 8,538,314</u>	<u>\$ 7,657,901</u>

Depreciation and amortization expense was \$1,121,183 for the year ended December 31, 2020.

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.

**NOTE 5 GOVERNMENT AND PRIVATE CONTRACTS RECEIVABLE**

At December 31, 2020, government and private contracts receivable consisted of the following:

Federal	\$ 662,652
New York State	10,121,178
New York City	7,011,798
Private contracts	913,775
	<u>\$ 18,709,403</u>

**LEGAL SERVICE NYC  
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Notes to Consolidated Financial Statements  
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**NOTE 5 GOVERNMENT AND PRIVATE CONTRACTS RECEIVABLE  
(CONTINUED)**

This amount includes \$365,833 from unexecuted and/or unregistered contracts with the City of New York as of February 10, 2022. 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.

**NOTE 6 SUMMARY OF FUNDING UNDER GOVERNMENT AND PRIVATE CONTRACTS**

Government and private contracts revenue for the year ended December 31, 2020, are summarized as follows:

Federal	\$ 1,278,245
New York State	17,308,512
New York City	41,661,184
Private contracts	1,728,992
	<u>\$ 61,976,933</u>

**NOTE 7 NOTES PAYABLE**

Notes payable are for financing the purchase of capital equipment and leasehold improvement. Notes payable balance at December 31, 2020, consist of the following:

Note payable, 5.0%, due November 2022	\$ 28,912
Note payable, 7.5%, due September 2021	29,797
	<u>58,709</u>
Total	58,709
Less current portion	44,536
	<u>\$ 14,173</u>

**LEGAL SERVICE NYC  
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**NOTE 7 NOTES PAYABLE (CONTINUED)**

Future aggregate principal payments of these notes are as follows:

<u>Years ending December 31:</u>	
2021	\$ 44,536
2022	14,173
	Total
	\$ 58,709

**NOTE 8 ACCRUED VACATION LEAVE PAYABLE**

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

The accumulated vacation obligation as of December 31, 2020 was as follows:

Management personnel	\$ 2,147,133
Non-management personnel	4,104,669
	\$ 6,251,802

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2020 are available to satisfy time and program restricted purposes. The changes in Legal Services NYC's net assets with donor restrictions are summarized below:

<u>Purpose /Funding Source</u>	<u>Balance January 1, 2020 As Restated</u>	<u>Revenue</u>	<u>Release from Restrictions</u>	<u>Reclassification in accordance with LSC Program Letter 20-4</u>	<u>Balance December 31, 2020</u>
LSC					
Grant	\$ 677,873	\$ -	\$ -	\$ (677,873)	\$ -
Property	293,828	-	-	(293,828)	-
<b>Total LSC</b>	971,701	-	-	(971,701)	-
Time and program restricted purposes	577,828	3,213,725	(3,426,607)	-	364,946
<b>Total</b>	\$ 1,549,529	\$ 3,213,725	\$ (3,426,607)	\$ (971,701)	\$ 364,946

**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2020

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**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 year ended December 31, 2020 were approximately \$3,282,000, 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 September 30, 2036. 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:

<u>Year ending December 31,</u>	<u>Minimum Lease Payments</u>
2021	\$ 3,549,038
2022	3,656,086
2023	4,265,433
2024	4,113,682
2025	3,776,579
Thereafter	21,670,189
	<u>\$ 41,031,007</u>

Rent expense for the year ended December 31, 2020 amounted to \$4,557,020, and is included in space on the consolidated statement of activities.

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 SERVICE NYC  
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Notes to Consolidated Financial Statements  
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**NOTE 11      COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Legal Services NYC has incentives from certain landlords for leasehold improvements amounting to \$373,714 for the year ended December 31, 2020. 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. Contingent Liabilities

Legal matters for Legal Services NYC and the CCs are handled by outside legal counsel, who advised that as of December 31, 2020, 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.

3. 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.

**LEGAL SERVICE NYC  
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Notes to Consolidated Financial Statements  
December 31, 2020

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**NOTE 11      COMMITMENTS AND CONTINGENCIES (CONTINUED)**

4. Contingency

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.

**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 \$37,069,980 for the year ended December 31, 2020, have been reflected in the accompanying consolidated statement of activities.

**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, 2020 are held by one financial institution.

**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2020

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**NOTE 14 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, 2020, the target reserve had a balance of \$5,647,407 for 2020. In 2020, there were no additional authorizations made by the board.

**NOTE 15 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.

Financial assets at December 31, 2020	
Cash and cash equivalents	\$ 10,629,323
Government and private contracts receivable	18,709,403
Grants and contributions receivable	1,396,457
Other receivables	189,437
Total financial assets at December 31, 2020	<u>30,924,620</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 30,924,620</u>

**NOTE 16 LINE OF CREDIT**

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, in order to ensure continued liquidity in the face of mounting accounts receivables from contracts with the City of New York. In June 2021, the line was extended through June 30, 2022 at 3.25% annual interest. The line of credit is secured by various assets. There was no outstanding line of credit balance as of December 31, 2020.



**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2020

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**NOTE 17      RESTATEMENT OF 2020 OPENING NET ASSETS BALANCE**

An adjustment was made to the 2020 opening net asset to reclassify \$11,292,335 from net assets with donor restrictions to net assets without donor restrictions to reflect the proper amounts in net assets that were not deemed restricted. The aggregate effect of this restatement is as follows:

Net assets	Total	Without Donor Restrictions	With Donor Restrictions
As previously reported	\$ 26,962,842	\$ 14,120,978	\$ 12,841,864
Adjustment	-	11,292,335	(11,292,335)
As restated	<u>\$ 26,962,842</u>	<u>\$ 25,413,313</u>	<u>\$ 1,549,529</u>

**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 SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2020

**NOTE 18    FUNCTIONAL EXPENSES (CONTINUED)**

Below is the functional classification of Legal Services NYC's expenses for the year ended December 31, 2020.

	2020								
	Program Services				Supporting Services				
	Housing	Income Maintenance	Family	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
<i>Personnel</i>									
Lawyers	\$ 19,288,515	\$ 5,070,663	\$ 2,043,173	\$ 7,281,845	\$ 33,684,196	\$ 439,147	\$ -	\$ 439,147	\$ 34,123,343
Lawyers, donated services	19,828,375	5,212,584	2,100,358	7,485,654	34,626,971	2,443,009	-	2,443,009	37,069,980
Nonlawyers	7,855,512	2,065,097	832,110	2,965,631	13,718,350	4,647,268	389,397	5,036,665	18,755,015
Fringe benefits	10,248,075	2,694,066	1,085,547	3,868,877	17,896,565	1,909,685	147,560	2,057,245	19,953,810
Provision for vacation leave	744,862	195,813	78,901	281,202	1,300,778	177,108	-	177,108	1,477,886
Total personnel	<u>57,965,339</u>	<u>15,238,223</u>	<u>6,140,089</u>	<u>21,883,209</u>	<u>101,226,860</u>	<u>9,616,217</u>	<u>536,957</u>	<u>10,153,174</u>	<u>111,380,034</u>
<i>Other than personnel costs</i>									
Consultants and contract services	305,869	80,409	32,400	115,473	534,151	942,417	1,123	943,540	1,477,691
Travel	36,259	9,532	3,841	13,689	63,321	20,430	149	20,579	83,900
Space	2,568,121	675,121	272,033	969,523	4,484,798	705,660	-	705,660	5,190,458
Consumable supplies	297,829	78,295	31,548	112,437	520,109	82,094	25,783	107,877	627,986
Telephone	560,566	147,364	59,379	211,626	978,935	79,464	500	79,964	1,058,899
Insurance	3,351	881	355	1,265	5,852	286,597	-	286,597	292,449
Equipment rental, maintenance, etc.	338,053	88,869	35,809	127,623	590,354	202,172	864	203,036	793,390
Depreciation and amortization	415,514	109,232	44,014	156,865	725,625	395,558	-	395,558	1,121,183
Litigation cost	419,126	110,182	44,397	158,229	731,934	154,355	583	154,938	886,872
Other	296,096	77,839	31,365	111,783	517,083	719,887	137,812	857,699	1,374,782
Bad debt	289,515	76,109	30,667	109,299	505,590	90,665	-	90,665	596,255
Payments to other organizations	256,322	67,383	27,151	96,767	447,623	1,380,463	-	1,380,463	1,828,086
Total other than personnel costs	<u>5,786,621</u>	<u>1,521,216</u>	<u>612,959</u>	<u>2,184,579</u>	<u>10,105,375</u>	<u>5,059,762</u>	<u>166,814</u>	<u>5,226,576</u>	<u>15,331,951</u>
Total expenses - 2020	<u>\$ 63,751,960</u>	<u>\$ 16,759,439</u>	<u>\$ 6,753,048</u>	<u>\$ 24,067,788</u>	<u>\$ 111,332,235</u>	<u>\$ 14,675,979</u>	<u>\$ 703,771</u>	<u>\$ 15,379,750</u>	<u>\$ 126,711,985</u>

## **CONSOLIDATING INFORMATION**

**LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS**  
Consolidating Statement of Financial Position  
December 31, 2020

	Legal Services NYC				Constituent Corporations					Total
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	Eliminations	
<b>ASSETS</b>										
<i>Current assets</i>										
Cash and cash equivalents	\$ 10,600,723	\$ -	\$ 2,000	\$ 10,602,723	\$ 10,000	\$ 6,000	\$ 3,000	\$ 7,600	\$ -	\$ 10,629,323
Government and private contracts receivable	872,534	1,235,715	1,570,723	3,678,972	3,164,323	2,827,158	5,238,598	3,800,352	-	18,709,403
Grants and contributions receivable	285,183	292,031	38,993	616,207	76,054	283,149	184,133	236,914	-	1,396,457
Other receivable	164,307	-	-	164,307	4,778	20,022	179	151	-	189,437
Prepayments	120,801	3,471	742	125,014	59,320	13,459	1,187	17,216	-	216,196
Intercompany receivables	213,607	-	-	213,607	804,965	326,416	-	2,481,082	(3,826,070)	-
Escrow accounts	-	-	11,650	11,650	330,130	56,713	103,578	88,459	-	590,530
Total current assets	12,257,155	1,531,217	1,624,108	15,412,480	4,449,570	3,532,917	5,530,675	6,631,774	(3,826,070)	31,731,346
<i>Other Assets</i>										
Property, equipment, and law libraries, net	4,671,765	36,580	7,306	4,715,651	822,949	259,228	990,278	869,795	-	7,657,901
Security deposits	207,354	-	5,522	212,876	135,125	43,373	285,947	115,507	-	792,828
Certificate of deposit	670,414	-	-	670,414	-	-	-	-	-	670,414
Total assets	\$ 17,806,688	\$ 1,567,797	\$ 1,636,936	\$ 21,011,421	\$ 5,407,644	\$ 3,835,518	\$ 6,806,900	\$ 7,617,076	\$ (3,826,070)	\$ 40,852,489
<b>LIABILITIES AND NET ASSETS</b>										
<i>Current liabilities</i>										
Accounts payable and accrued expenses	\$ 3,306,298	\$ 12,510	\$ 50,659	\$ 3,369,467	\$ 225,570	\$ 123,721	\$ 99,584	\$ 49,084	\$ -	\$ 3,867,426
Notes payable, current portion	29,797	-	-	29,797	14,739	-	-	-	-	44,536
Contract advances	733,273	67,765	74,993	876,031	532,865	73,613	880,068	1,344,924	-	3,707,501
Accrued vacation leave payable	1,002,388	-	340,025	1,342,413	1,671,128	949,264	857,899	1,431,098	-	6,251,802
Due to grantor	-	-	-	-	11,754	3,038	-	-	-	14,792
Intercompany payables	-	1,782,429	88,503	1,870,932	-	21,826	1,915,220	18,092	(3,826,070)	-
Escrow accounts	-	-	11,650	11,650	330,130	56,713	103,578	88,459	-	590,530
Total current liabilities	5,071,756	1,862,704	565,830	7,500,290	2,786,186	1,228,175	3,856,349	2,931,657	(3,826,070)	14,476,587
<i>Long-term debt and other obligations</i>										
Notes payable, less current portion	-	-	-	-	14,173	-	-	-	-	14,173
Deferred rent obligations	103,674	-	13,159	116,833	380,376	379,766	566,443	221,024	-	1,664,442
Total liabilities	5,175,430	1,862,704	578,989	7,617,123	3,180,735	1,607,941	4,422,792	3,152,681	(3,826,070)	16,155,202
<i>Net assets</i>										
Net assets without restrictions - undesignated	6,983,851	(310,904)	966,679	7,639,626	2,076,744	2,186,930	2,383,179	4,398,455	-	18,684,934
Net assets without restrictions - board-designated	5,647,407	-	-	5,647,407	-	-	-	-	-	5,647,407
Total net assets without donor restrictions	12,631,258	(310,904)	966,679	13,287,033	2,076,744	2,186,930	2,383,179	4,398,455	-	24,332,341
Net assets with donor restrictions	-	15,997	91,268	107,265	150,165	40,647	929	65,940	-	364,946
Total net assets	12,631,258	(294,907)	1,057,947	13,394,298	2,226,909	2,227,577	2,384,108	4,464,395	-	24,697,287
Total liabilities and net assets	\$ 17,806,688	\$ 1,567,797	\$ 1,636,936	\$ 21,011,421	\$ 5,407,644	\$ 3,835,518	\$ 6,806,900	\$ 7,617,076	\$ (3,826,070)	\$ 40,852,489

**LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS**

Consolidating Statement of Activities

Year Ended December 31, 2020

	Legal Services NYC				Constituent Corporations				
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	Total
<b>SUPPORT AND REVENUE</b>									
<b>Without donor restrictions</b>									
<i>Support</i>									
Legal Services Corporation (LSC)									
Basic grant	\$ -	\$ 674,537	\$ 629,131	\$ 1,303,668	\$ 4,537,284	\$ 2,054,771	\$ 2,516,737	\$ 3,007,809	\$ 13,420,269
Other grants	-	431,055	66,517	497,572	210,839	226,678	564,058	384,269	1,883,416
Interest on Lawyers' Account (IOLA)	-	295,040	164,981	460,021	1,677,943	747,545	949,152	1,259,508	5,094,169
Donated services	2,443,008	18,347,736	207,308	20,998,052	5,530,574	1,670,650	6,079,664	2,791,040	37,069,980
Fund-raising events	1,148,209	-	15,900	1,164,109	73,210	241,800	-	-	1,479,119
Private grants and contributions	561,546	1,199	4,254	566,999	46,410	14,540	9,941	41,877	679,767
Total support	4,152,763	19,749,567	1,088,091	24,990,421	12,076,260	4,955,984	10,119,552	7,484,503	59,626,720
<i>Revenue</i>									
Government and private contracts	891,874	1,980,151	3,764,198	6,636,223	16,846,030	11,184,888	9,555,097	17,754,695	61,976,933
Attorney fees	-	-	41,050	41,050	33,530	69,254	60,290	85,909	290,033
Interest	16,462	-	-	16,462	-	-	-	120	16,582
Other revenue	10	-	300	310	-	-	-	-	310
Total revenue	908,346	1,980,151	3,805,548	6,694,045	16,879,560	11,254,142	9,615,387	17,840,724	62,283,858
Net assets released from restrictions	126,941	535,890	250,107	912,938	942,346	567,077	457,224	547,022	3,426,607
Total without donor restrictions support and revenue	5,188,050	22,265,608	5,143,746	32,597,404	29,898,166	16,777,203	20,192,163	25,872,249	125,337,185
<b>With donor restrictions</b>									
<i>Support</i>									
Private grants and contributions	126,718	508,407	267,004	902,129	876,093	555,322	433,343	446,838	3,213,725
Total support	126,718	508,407	267,004	902,129	876,093	555,322	433,343	446,838	3,213,725
Net assets released from restrictions	(126,941)	(535,890)	(250,107)	(912,938)	(942,346)	(567,077)	(457,224)	(547,022)	(3,426,607)
Total with donor restrictions support and revenue	(223)	(27,483)	16,897	(10,809)	(66,253)	(11,755)	(23,881)	(100,184)	(212,882)
Total support and revenue	5,187,827	22,238,125	5,160,643	32,586,595	29,831,913	16,765,448	20,168,282	25,772,065	125,124,303

**LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS**

Consolidating Statement of Activities (continued)

Year Ended December 31, 2020

	Legal Services NYC				Constituent Corporations				Total
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2020
<b>EXPENSES</b>									
<i>Personnel</i>									
Lawyers	\$ 439,147	\$ 1,651,166	\$ 2,100,143	\$ 4,190,456	\$ 9,603,535	\$ 5,884,361	\$ 5,481,225	\$ 8,963,766	\$ 34,123,343
Lawyers, donated services	2,443,008	18,347,736	207,308	20,998,052	5,530,574	1,670,650	6,079,664	2,791,040	37,069,980
Nonlawyers	5,036,666	969,337	703,091	6,709,094	3,675,055	2,274,648	2,194,123	3,902,095	18,755,015
Fringe benefits	2,057,245	835,300	1,049,915	3,942,460	5,166,490	3,112,841	2,908,003	4,824,016	19,953,810
Provision for vacation leave	177,109	-	80,948	258,057	380,134	204,778	168,067	466,850	1,477,886
Total personnel	10,153,175	21,803,539	4,141,405	36,098,119	24,355,788	13,147,278	16,831,082	20,947,767	111,380,034
<i>Other than personnel costs</i>									
Consultants and contract services	943,540	11,036	24,843	979,419	193,188	88,438	103,402	113,244	1,477,691
Travel	20,666	4,914	2,504	28,084	14,293	18,196	7,331	15,996	83,900
Space	705,660	95,033	195,987	996,680	1,487,200	1,001,560	911,642	793,376	5,190,458
Consumable supplies	107,877	16,028	21,457	145,362	138,002	101,541	78,849	164,232	627,986
Telephone	80,013	36,362	74,998	191,373	328,128	177,914	145,002	216,482	1,058,899
Insurance	286,598	214	469	287,281	1,839	741	685	1,903	292,449
Equipment rental, maintenance, etc.	203,036	25,674	27,393	256,103	206,867	96,714	72,226	161,480	793,390
Depreciation and amortization	395,558	9,150	252	404,960	357,495	59,963	190,055	108,710	1,121,183
Litigation cost	154,938	50,470	42,955	248,363	179,298	142,666	132,091	184,454	886,872
Other	857,699	35,847	24,440	917,986	126,000	100,062	67,146	163,588	1,374,782
Bad debt	90,666	25,000	36,447	152,113	58,701	3,500	381,441	500	596,255
Payments to other organizations	1,380,462	-	-	1,380,462	42,559	44,594	142,828	217,643	1,828,086
Intercompany expense allocation	(10,106,774)	433,646	532,082	(9,141,046)	2,899,618	1,682,816	1,695,082	2,863,530	-
Total other than personnel costs	(4,880,061)	743,374	983,827	(3,152,860)	6,033,188	3,518,705	3,927,780	5,005,138	15,331,951
Total expenses	5,273,114	22,546,913	5,125,232	32,945,259	30,388,976	16,665,983	20,758,862	25,952,905	126,711,985
<i>Change in net asset before other changes</i>									
Without donor restrictions - undesignated	(85,064)	(281,305)	18,514	(347,855)	(490,810)	111,220	(566,699)	(80,656)	(1,374,800)
Total without donor restrictions	(85,064)	(281,305)	18,514	(347,855)	(490,810)	111,220	(566,699)	(80,656)	(1,374,800)
With donor restrictions	(223)	(27,483)	16,897	(10,809)	(66,253)	(11,755)	(23,881)	(100,184)	(212,882)
Total	(85,287)	(308,788)	35,411	(358,664)	(557,063)	99,465	(590,580)	(180,840)	(1,587,682)

**LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS**

Consolidating Statement of Activities (continued)

Year Ended December 31, 2020

	Legal Services NYC				Constituent Corporations				Total
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2020
<i>Other changes</i>									
Without donor restrictions:									
Transfer from with donor restrictions Property Fund	-	16,671	11,253	<b>27,924</b>	127,858	85,348	15,775	36,923	<b>293,828</b>
With donor restrictions:									
Reclassification in accordance with LSC Program Letter 20-4	(107,428)	(4,625)	(4,916)	<b>(116,969)</b>	(147,556)	(51,575)	(177,649)	(184,124)	<b>(677,873)</b>
Transfer to without donor restrictions from Property Fund	-	(16,671)	(11,253)	<b>(27,924)</b>	(127,858)	(85,348)	(15,775)	(36,923)	<b>(293,828)</b>
Reclassification between the entities	-	-	-	-	72,318	(21,826)	(32,400)	(18,092)	-
<i>Change in net assets</i>									
Without donor restrictions - undesignated	(85,064)	(264,634)	29,767	<b>(319,931)</b>	(362,952)	196,568	(550,924)	(43,733)	<b>(1,080,972)</b>
Total unrestricted	(85,064)	(264,634)	29,767	<b>(319,931)</b>	(362,952)	196,568	(550,924)	(43,733)	<b>(1,080,972)</b>
With donor restrictions	(107,651)	(48,779)	728	<b>(155,702)</b>	(269,349)	(170,504)	(249,705)	(339,323)	<b>(1,184,583)</b>
Total change in net assets	(192,715)	(313,413)	30,495	<b>(475,633)</b>	(632,301)	26,064	(800,629)	(383,056)	<b>(2,265,555)</b>
<i>Net assets at beginning of year as restated</i>									
Without donor restrictions - undesignated	7,068,915	(46,270)	936,912	<b>7,959,557</b>	2,439,696	1,990,362	2,934,103	4,442,188	<b>19,765,906</b>
Without donor restrictions - board-designated	5,647,407	-	-	<b>5,647,407</b>	-	-	-	-	<b>5,647,407</b>
Total unrestricted	12,716,322	(46,270)	936,912	<b>13,606,964</b>	2,439,696	1,990,362	2,934,103	4,442,188	<b>25,413,313</b>
With donor restrictions	107,651	64,776	90,540	<b>262,967</b>	419,514	211,151	250,634	405,263	<b>1,549,529</b>
Total	12,823,973	18,506	1,027,452	<b>13,869,931</b>	2,859,210	2,201,513	3,184,737	4,847,451	<b>26,962,842</b>
<i>Net assets at end of year</i>									
Without donor restrictions - undesignated	6,983,851	(310,904)	966,679	<b>7,639,626</b>	2,076,744	2,186,930	2,383,179	4,398,455	<b>18,684,934</b>
Without donor restrictions - board-designated	5,647,407	-	-	<b>5,647,407</b>	-	-	-	-	<b>5,647,407</b>
Total unrestricted	12,631,258	(310,904)	966,679	<b>13,287,033</b>	2,076,744	2,186,930	2,383,179	4,398,455	<b>24,332,341</b>
With donor restrictions	-	15,997	91,268	<b>107,265</b>	150,165	40,647	929	65,940	<b>364,946</b>
Total	\$ 12,631,258	\$ (294,907)	\$ 1,057,947	\$ <b>13,394,298</b>	\$ 2,226,909	\$ 2,227,577	\$ 2,384,108	\$ 4,464,395	\$ <b>24,697,287</b>

**LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS**

Consolidating Statement of Cash Flows

Year Ended December 31, 2020

	Legal Services NYC				Constituent Corporations				
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Change in net assets	\$ (192,715)	\$ (313,413)	\$ 30,495	\$ (475,633)	\$ (632,301)	\$ 26,064	\$ (800,629)	\$ (383,056)	\$ (2,265,555)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>									
Depreciation and amortization	395,558	9,150	252	404,960	357,495	59,963	190,055	108,710	1,121,183
Bad debt	90,666	25,000	36,447	152,113	58,701	3,500	381,441	500	596,255
Changes in operating assets and liabilities:									
(Increase) decrease in government and private contracts receivable	(521,778)	(586,614)	87,408	(1,020,984)	4,455,801	1,217,852	446,835	2,654,824	7,754,328
(Increase) decrease in grants and contributions receivable	(114,882)	(121,347)	15,700	(220,529)	(1,517)	(103,864)	(88,494)	81,108	(333,296)
(Increase) decrease in other receivable	49,144	-	-	49,144	8,637	(20,004)	445	71,373	109,595
(Increase) decrease in prepayments	42,129	(508)	(742)	40,879	(4,766)	(5,809)	(304)	(10,961)	19,039
(Increase) decrease in security deposits	36,424	-	-	36,424	-	(1,122)	(6,598)	-	28,704
(Increase) decrease in escrow accounts	-	-	20,840	20,840	77,507	(5,135)	12,044	72,154	177,410
(Increase) decrease in intercompany receivables	10,859,885	-	-	10,859,885	(804,965)	(326,416)	-	(2,481,082)	7,247,422
Increase (decrease) in accounts payable and accrued expenses	(452,400)	(11,619)	(2,385)	(466,404)	(70,613)	(3,298)	24,777	(81,673)	(597,211)
Increase (decrease) in contract advances	733,273	(37,495)	74,993	770,771	520,952	68,588	640,207	1,290,393	3,290,911
Increase (decrease) in intercompany payables	-	1,036,846	(321,888)	714,958	(4,244,727)	(1,100,302)	(979,134)	(1,638,217)	(7,247,422)
Increase in accrued vacation leave payable	177,109	-	80,948	258,057	380,134	204,778	168,067	466,850	1,477,886
Increase (decrease) in escrow accounts	-	-	(20,840)	(20,840)	(77,507)	5,135	(12,044)	(72,154)	(177,410)
Increase (decrease) increase in deferred rent obligations	(155,473)	-	6,330	(149,143)	18,123	(19,930)	31,837	(60,748)	(179,861)
Net cash provided by operating activities	10,946,940	-	7,558	10,954,498	40,954	-	8,505	18,021	11,021,978
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Purchase of a certificate of deposit	(670,414)	-	-	(670,414)	-	-	-	-	(670,414)
Purchases of property and equipment	(487,700)	-	(7,558)	(495,258)	(19,322)	-	(8,505)	(18,021)	(541,106)
Net cash used in investing activities	(1,158,114)	-	(7,558)	(1,165,672)	(19,322)	-	(8,505)	(18,021)	(1,211,520)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Repayment of notes payable	(37,420)	-	-	(37,420)	(22,532)	-	-	-	(59,952)
Net cash used in financing activities	(37,420)	-	-	(37,420)	(22,532)	-	-	-	(59,952)
Net change in cash and cash equivalents	9,751,406	-	-	9,751,406	(900)	-	-	-	9,750,506
Cash and cash equivalents at beginning of year	849,317	-	2,000	851,317	10,900	6,000	3,000	7,600	878,817
Cash and cash equivalents at end of year	\$ 10,600,723	\$ -	\$ 2,000	\$ 10,602,723	\$ 10,000	\$ 6,000	\$ 3,000	\$ 7,600	\$ 10,629,323
<b>SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION</b>									
Cash paid for interest	\$ 2,783	\$ 376	\$ 8	\$ 3,167	\$ 46	\$ 840	\$ 25	\$ -	\$ 4,078