
LEGAL AID AT WORK

FINANCIAL STATEMENTS

December 31, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

LEGAL AID AT WORK

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Legal Aid at Work
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Legal Aid at Work, which comprise the statement of financial position as of December 31, 2018, and the related statements of activity, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Aid at Work as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Legal Aid at Work's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in cursive script that reads "Crosby & Lameda CPAs LLP".

Oakland, California

May 10, 2019

LEGAL AID AT WORK

Statement of Financial Position

December 31, 2018

(With Comparative Totals as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,207,286	\$ 3,761,428
Investments - operating (Note 4)	3,625,402	61,736
Grants and pledges receivable, net (Note 3)	715,705	904,668
Court awarded fees and accounts receivables	312,939	28,731
Prepaid expenses	95,480	123,833
Total Current Assets	<u>6,956,812</u>	<u>4,880,396</u>
Investments - Justice Fund (Note 4)	2,921,478	4,416,115
Property and equipment, net (Note 6)	76,052	136,729
Grants and pledges receivable, long term (Note 3)	77,459	261,080
Deposits	<u>55,364</u>	<u>55,364</u>
Total Assets	<u>\$ 10,087,165</u>	<u>\$ 9,749,684</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 101,961	\$ 257,397
Vacation accrual	259,541	274,604
Total Current Liabilities	<u>361,502</u>	<u>532,001</u>
Accrued rent	<u>105,792</u>	<u>161,279</u>
Total Liabilities	<u>467,294</u>	<u>693,280</u>
Commitments and Contingencies (Notes 7 and 8)		
Net Assets		
Without donor restrictions	4,382,079	1,935,546
With donor restrictions (Note 9)	<u>5,237,792</u>	<u>7,120,858</u>
Total Net Assets	<u>9,619,871</u>	<u>9,056,404</u>
Total Liabilities and Net Assets	<u>\$ 10,087,165</u>	<u>\$ 9,749,684</u>

See Notes to the Financial Statements

LEGAL AID AT WORK

Statement of Activities For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2018	2017
Support and Revenue				
Support				
Annual fund	\$ 1,055,599	\$	\$ 1,055,599	\$ 905,136
Annual event, net (Note 10)	612,099		612,099	512,223
Foundation and other grants	300,924	1,240,201	1,541,125	1,087,180
Cy Pres	1,829,679		1,829,679	1,206,999
Total Support	<u>3,798,301</u>	<u>1,240,201</u>	<u>5,038,502</u>	<u>3,711,538</u>
Revenue				
Attorneys' fees	854,909		854,909	2,016,579
Investment activity (Note 4)	23,847	9,283	33,130	139,884
Other	30,939		30,939	35,528
Total Revenue	<u>909,695</u>	<u>9,283</u>	<u>918,978</u>	<u>2,191,991</u>
In-kind services (Note 11)	491,729		491,729	413,628
Reclassification of Justice Funds (Note 9)	1,503,920	(1,503,920)		
Support provided by expiring time and purpose restrictions	1,628,630	(1,628,630)	-	-
Total Support and Revenue	<u>8,332,275</u>	<u>(1,883,066)</u>	<u>6,449,209</u>	<u>6,317,157</u>
Expenses				
Program	4,334,595		4,334,595	4,780,001
Management and general	801,497		801,497	702,195
Fundraising	749,650		749,650	634,531
Total Expenses	<u>5,885,742</u>	<u>-</u>	<u>5,885,742</u>	<u>6,116,727</u>
Change in Net Assets	2,446,533	(1,883,066)	563,467	200,430
Net Assets, beginning of year	<u>1,935,546</u>	<u>7,120,858</u>	<u>9,056,404</u>	<u>8,855,974</u>
Net Assets, end of year	<u>\$ 4,382,079</u>	<u>\$ 5,237,792</u>	<u>\$ 9,619,871</u>	<u>\$ 9,056,404</u>

See Notes to the Financial Statements

LEGAL AID AT WORK

Statement of Cash Flows For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 563,467	\$ 200,430
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	46,241	60,401
Loss on disposition of fixed assets	14,436	-
Investment activity	(33,130)	(139,884)
Donated stock	(35,899)	(63,353)
Change in assets and liabilities:		
Grant and pledges receivable	372,584	588,709
Court awarded fees and accounts receivables	(284,208)	113,491
Prepaid expenses	28,353	1,754
Accounts payable and accrued expenses	(155,436)	129,722
Vacation accrual	(15,063)	29,202
Deferred revenue	-	1,502
Accrued rent	(55,487)	(10,562)
Net cash provided (used) by operating activities	<u>445,858</u>	<u>911,412</u>
Cash flows from investing activities		
Sales of investments	-	39,127
Purchases of investments	(2,000,000)	-
Net cash provided (used) by investing activities	<u>(2,000,000)</u>	<u>39,127</u>
Net change in cash and cash equivalents	(1,554,142)	950,539
Cash and cash equivalents, beginning of year	<u>3,761,428</u>	<u>2,810,889</u>
Cash and cash equivalents, end of year	<u>\$ 2,207,286</u>	<u>\$ 3,761,428</u>

See Notes to the Financial Statements

LEGAL AID AT WORK

Statement of Functional Expenses For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

	Program	Management and General	Fundraising	Totals	
				2018	2017
Salaries	\$ 2,182,151	\$ 380,006	\$ 458,527	\$ 3,020,684	\$ 3,295,918
Retirement contribution	130,393	21,678	17,072	169,143	129,469
Employee benefits	415,514	64,627	64,338	544,479	532,905
Payroll taxes	188,256	35,429	33,801	257,486	233,867
Total Personnel	<u>2,916,314</u>	<u>501,740</u>	<u>573,738</u>	<u>3,991,792</u>	<u>4,192,159</u>
Grants	40,271	-	-	40,271	101,330
Professional services	175,085	157,737	31,559	364,381	491,005
Information technology	113,454	6,263	9,219	128,936	109,419
Advertising	4,554	1,086	206	5,846	20,499
Supplies and office expenses	129,081	17,002	20,958	167,041	138,183
Occupancy	277,561	34,102	34,102	345,765	349,401
Travel and meals	96,594	2,008	2,930	101,532	78,719
Conferences	7,212	120	62	7,394	9,719
Depreciation	30,598	11,790	3,853	46,241	60,401
Insurance	10,434	43,551	537	54,522	44,102
Annual event expense	-	-	69,441	69,441	37,895
Library	36,573	-	1,212	37,785	29,552
Donated goods and services	491,029	-	-	491,029	413,628
Other	5,835	26,098	1,833	33,766	40,715
Expenses by function	<u>\$ 4,334,595</u>	<u>\$ 801,497</u>	<u>\$ 749,650</u>	<u>\$ 5,885,742</u>	<u>\$ 6,116,727</u>
Expenses reported on a net basis on the Statement of Activities					
Donor benefit (Note 10)	-	-	111,479	111,479	123,687
Total expenses	<u>\$ 4,334,595</u>	<u>\$ 801,497</u>	<u>\$ 861,129</u>	<u>\$ 5,997,221</u>	<u>\$ 6,240,414</u>

LEGAL AID AT WORK

Notes to the Financial Statements For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

NOTE 1: NATURE OF ACTIVITIES

Legal Aid at Work (the Organization), a nonprofit public benefit corporation, advances justice and economic opportunity for poor and low-income people and their families at work, in school, and in the community. Founded in 1916, Legal Aid at Work advocates for new laws and policies, and it provides free legal information, advice, and representation. Funding is primarily through law firm, individual, and corporate contributions; allocations from the Legal Services Trust Fund Program of the State Bar of California; government, foundation and fellowship grants; *cy pres* awards; and attorneys' fees recoveries.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature, but there were no restrictions of this nature as of December 31, 2018

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for

LEGAL AID AT WORK

Notes to the Financial Statements For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

a particular purpose or in a future period. All expenses and net losses other than losses on certain restricted fund investments are reported as decreases in net assets without donor restrictions. Net gains on restricted investments increase net assets with donor restrictions, and net losses on restricted investments reduce that net asset class.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Cy Pres Awards

The Organization receives cy pres awards from class action and other legal settlements. The Organization recognizes such awards upon notification of a final settlement agreement indicating the amount due to the Organization and an evaluation of the parties ability to pay the settlement.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d).

The Organization has evaluated its current tax positions as of December 31, 2018 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents when held in an operating account.

Cash and cash equivalents held in investment accounts for investment purposes are classified with investment balances. Purchases and sales of such investments represent transfers to or from operating accounts from such investment accounts.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$2,500 for an individual item or group of similar items; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Leasehold improvements	10 years or lease term
Website	3 years
Furniture and equipment	5 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

Occupancy, depreciation, and amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.

Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

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Notes to the Financial Statements For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. Advertising costs are expensed as incurred.

Changes in Accounting Principles

The Organization implemented FASB Accounting Standards Update (ASU) No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources (Note 15).

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class:</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 1,935,546	\$ -
Temporarily restricted net assets	7,120,858	-
Net assets without donor restrictions	-	1,935,546
Net assets with donor restrictions	-	7,120,858
Total	<u>\$ 9,056,404</u>	<u>\$ 9,056,404</u>

Prior Year Summarized Information

The 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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of May 10, 2019 the date that the reissued financial statements were available, there were no significant subsequent events to disclose.

LEGAL AID AT WORK

Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

NOTE 3: GRANTS AND PLEDGES RECEIVABLE

Contributions receivable including grants and pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than two years after their due dates are generally written off unless the donors indicate that payment is merely postponed. Grants and pledges receivable consisted of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Grants and donations	\$ 818,263	\$ 1,227,267
Less allowance for doubtful accounts	(25,099)	(61,519)
Less long-term portion	<u>(77,459)</u>	<u>(261,080)</u>
Total	<u>\$ 715,705</u>	<u>\$ 904,668</u>

Long-term Portion

The Organization's long term receivables consist primarily of pledge receivables as the result of a fundraising campaign. The Organization expects to collect such funds as follows during the years ended December 31:

2020	\$ 61,509
2021	12,200
2022	2,500
2023	<u>1,250</u>
Total	<u>\$ 77,459</u>

NOTE 4: INVESTMENTS

The Organization maintains two investment pools. One pool, with a longer term investment horizon, consists of Justice Fund monies intended for long term support. In addition, the Organization has established a second investment pool to hold funds with a potential operating use along a shorter time horizon.

Investments are stated at fair value and consist of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 387,077	\$ 1,483,763
Mutual funds	576,327	553,084
Fixed income holdings	<u>5,583,476</u>	<u>2,441,004</u>
Total	<u>\$ 6,546,880</u>	<u>\$ 4,477,851</u>

Investments held for long term use consisted of Justice Fund amounts.

LEGAL AID AT WORK

Notes to the Financial Statements For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

Investment Activity

Investment activity consisted of the following for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 102,768	\$ 82,897
Realized and unrealized gains (losses)	(56,968)	72,066
Investment fees	<u>(12,670)</u>	<u>(15,079)</u>
Total	<u>\$ 33,130</u>	<u>\$ 139,884</u>

NOTE 5: FAIR VALUE MEASUREMENTS

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

Fair values of assets measured on recurring basis were as follows as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 387,077	\$ -	\$ 387,077
Mutual funds			
Domestic equity	576,327	-	576,327
Fixed income			
US Treasuries	4,086,814	-	4,086,814
Agency securities	-	606,039	606,039
Corporate bonds	<u>-</u>	<u>890,623</u>	<u>890,623</u>
Total	<u>\$ 5,050,218</u>	<u>\$ 1,496,662</u>	<u>\$ 6,546,880</u>

Credit and Interest Rate Risk

The Organization's portfolio of fixed income investments is subject to credit risk and interest rate risk. The Organization's agency securities hold an S&P rating of AA+ and corporate bond ratings range from BBB+ to AA- as of December 31, 2018. All fixed income holdings mature within 5 years as of December 31, 2018.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 46,400	\$ 46,400
Website	44,881	129,630
Furniture and equipment	154,839	320,301
Less accumulated depreciation	<u>(170,068)</u>	<u>(359,602)</u>
Total	<u>\$ 76,052</u>	<u>\$ 136,729</u>

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

NOTE 7: COMMITMENTS

The Organization leases office space and office equipment under non-cancelable leases that expire on various dates through December 2021. Future lease commitments were as follows for the years ended December 31:

2019	\$ 337,996
2020	345,388
2021	69,164
2022	<u>6,900</u>
Total	<u>\$ 759,448</u>

For the years ended December 31, 2018 and 2017, rent and common area maintenance expenses totaled \$322,327 and \$320,733, respectively.

NOTE 8: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available as follows at December 31:

	<u>2018</u>	<u>2017</u>
Justice Fund	\$ 2,921,478	\$ 4,416,115
100 th Anniversary - Worker's rights clinic	1,267,954	1,281,468
Other specific purpose	<u>1,048,360</u>	<u>1,423,275</u>
Total	<u>\$ 5,237,792</u>	<u>\$ 7,120,858</u>

Justice Fund

During the year ended December 31, 2018 donors approved a release of \$1,503,920 from the Justice Fund to funds without donor restriction.

NOTE 10: ANNUAL EVENT

The Organization holds an annual event as part of its fundraising activities. Activity related to the annual event was as follows during the years ended December 31:

	<u>2018</u>	<u>2017</u>
Admissions	\$ 61,900	\$ 70,000
Sponsorships and contributions	661,678	565,910
Less: Costs of direct donor benefit	<u>(111,479)</u>	<u>(123,687)</u>
Total	<u>\$ 612,099</u>	<u>\$ 512,223</u>

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

NOTE 11: IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions as follows during the years ended December 31:

	<u>2018</u>	<u>2017</u>
Services performed by volunteer attorneys	\$ 426,125	\$ 375,900
Services performed by law student volunteers	64,904	37,728
Other in-kind	<u>700</u>	<u>-</u>
Total	<u>\$ 491,729</u>	<u>\$ 413,628</u>

Donated services support the Organization's Workers Rights Clinics and litigation efforts. The Organization estimated the value of such donated services on the following basis for the year ended December 31, 2018.

	<u>Hours</u>	<u>Average Rate</u>
Services performed by volunteer attorneys	1,218	\$350 per hr
Services performed by law student volunteers	<u>4,056</u>	\$16 per hr
Total	<u>5,274</u>	

NOTE 12: RETIREMENT PLAN

The Organization has a 403(b) defined contribution retirement plan (the Plan). The Plan covers all of the Organization's eligible employees and provides for voluntary salary deferrals. In addition, the Organization matches the first \$2,000 of employee contributions after one year of employment. Subject to approval by the Board, the Organization may make an additional contribution, and currently budgets for a contribution of 2.5% of eligible employee salaries, which may be varied in a number of circumstances. The Organization contributed \$169,143 and \$129,469 to the Plan during the years ended December 31, 2018 and 2017, respectively.

NOTE 13: CONCENTRATIONS

Concentration of Credit Risk

At times the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Labor Concentration

A majority of staff of the Organization other than management and certain excluded temporary staff are members of Engineers and Scientists of California Local 20 and the terms of their employment are subject to a collective bargaining agreement which expires September 30, 2019.

NOTE 14: CONDITIONAL PROMISES TO GIVE

In addition to the activity on the financials, the Organization may receive grants with future payments subject to certain conditions. It is the Organization's policy to defer revenue recognition of conditional amounts until such conditions have been satisfied. As of December 31, 2018, conditional grants consisted of \$769,980. Revenue from such

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

conditional promises to give will be recorded as the related activities are completed, and the Organization expects to complete all such activities by December 31, 2019.

NOTE 15: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are:

Financial assets:	
Cash and cash equivalents	\$ 2,207,286
Grants and pledges receivable	793,164
Court awarded fees and accounts receivables	312,939
Investments	6,546,880
Less financial assets held to meet donor imposed restrictions	
Purpose-restricted net assets	(5,237,792)
Less financial assets not available within one year	
Pledges receivable	<u>(77,459)</u>
Amount available for general expenditures within one year	<u>\$ 4,545,018</u>

As part of the Organization's liquidity management plan, the Organization may invest cash in excess of daily requirements in cash and cash equivalents and other investments.