

LEGAL AID AT WORK
FINANCIAL STATEMENTS
December 31, 2021



LEGAL AID AT WORK
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December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Legal Aid at Work
San Francisco, California

Opinion

We have audited the accompanying financial statements of Legal Aid at Work (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legal Aid at Work as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Legal Aid at Work and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Legal Aid at Work's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Legal Aid at Work's ability to continue as a going concern for a reasonable period of time.

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

Brokstein & Associates CPAs LLP

Brokstein & Associates CPAs LLP
Pleasant Hill, CA
April 25, 2022



LEGAL AID AT WORK
STATEMENT OF FINANCIAL POSITION
December 31, 2021

	2021
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 2,051,652
Grants and pledges receivable, net (Note 4)	580,923
Accounts receivable	34,820
Prepaid expenses	183,256
TOTAL CURRENT ASSETS	2,850,651
INVESTMENTS (Note 5)	11,383,664
PROPERTY AND EQUIPMENT	
Leasehold improvements	6,056
Software and website	156,329
	162,385
Accumulated depreciation	(28,731)
	133,654
SECURITY DEPOSIT	55,364
TOTAL ASSETS	\$ 14,423,333
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 63,405
Accrued vacation	378,309
TOTAL CURRENT LIABILITIES	441,714
NET ASSETS	
Without donor restrictions	9,178,524
With donor restrictions (Note 9)	4,803,095
TOTAL NET ASSETS	13,981,619
TOTAL LIABILITIES AND NET ASSETS	\$ 14,423,333

See accompanying notes and independent auditor's report.



LEGAL AID AT WORK
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support			
Annual fund	\$ 1,032,807	\$ -	\$ 1,032,807
Annual event	622,605	-	622,605
Foundation and other grants	1,034,049	1,613,622	2,647,671
Cy Pres	3,393,696	-	3,393,696
Total Support	<u>6,083,157</u>	<u>1,613,622</u>	<u>7,696,779</u>
Revenue			
Attorneys' fees	259,917	-	259,917
Investment activity, net	7,225	143,876	151,101
PPP loan forgiveness	725,542	-	725,542
Other income	148,547	-	148,547
Total Revenue	<u>1,141,231</u>	<u>143,876</u>	<u>1,285,107</u>
In-kind services	753,485	-	753,485
Support provided by expiring time and purpose restrictions	2,139,803	(2,139,803)	-
TOTAL SUPPORT AND REVENUE	<u>10,117,676</u>	<u>(382,305)</u>	<u>9,735,371</u>
EXPENSES			
Program	5,928,288	-	5,928,288
Management and general	1,149,617	-	1,149,617
Fundraising	877,544	-	877,544
TOTAL EXPENSES	<u>7,955,449</u>	<u>-</u>	<u>7,955,449</u>
CHANGE IN NET ASSETS	2,162,227	(382,305)	1,779,922
NET ASSETS, BEGINNING OF YEAR	<u>7,016,297</u>	<u>5,185,400</u>	<u>12,201,697</u>
NET ASSETS, END OF YEAR	<u>\$ 9,178,524</u>	<u>\$ 4,803,095</u>	<u>\$ 13,981,619</u>

See accompanying notes and independent auditor's report.



LEGAL AID AT WORK
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program	Management and General	Fundraising	Total Expenses
Salaries	\$ 2,861,174	\$ 595,122	\$ 497,861	\$ 3,954,157
Retirement contribution	251,822	55,767	45,394	352,983
Other employee benefits	503,333	89,072	81,791	674,196
Payroll taxes	221,974	43,475	34,938	300,387
Total Personnel	<u>3,838,303</u>	<u>783,436</u>	<u>659,984</u>	<u>5,281,723</u>
Grants	255,280	-	-	255,280
Professional services	208,791	191,908	24,880	425,579
Information technology	153,333	37,454	25,696	216,483
Supplies and office expenses	137,329	27,557	24,559	189,445
Occupancy	444,372	55,546	55,546	555,464
Travel and meals	18,110	2,199	187	20,496
Depreciation	22,404	2,079	895	25,378
Insurance	34,796	39,467	2,028	76,291
Annual event	-	-	49,480	49,480
Library	51,457	796	2,491	54,744
In-kind services	753,646	-	-	753,646
Other	10,467	9,175	31,798	51,440
Total Expenses	<u>\$ 5,928,288</u>	<u>\$ 1,149,617</u>	<u>\$ 877,544</u>	<u>\$ 7,955,449</u>

See accompanying notes and independent auditor's report.



LEGAL AID AT WORK
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

	2021
CASH FLOWS FROM (TO) OPERATING ACTIVITIES	
Change in net assets	\$ 1,779,922
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	25,378
Investment activity, net	(151,101)
Donated stock	(36,762)
PPP loan forgiveness	(725,542)
Change in assets and liabilities:	
Grants and pledges receivable	(168,956)
Accounts receivable	80,733
Prepaid expenses	(30,556)
Accounts payable	(152,301)
Accrued vacation	10,012
Deferred revenue	(28,000)
Accrued rent	(14,502)
Net cash provided by operating activities	588,325
CASH FLOWS FROM (TO) INVESTING ACTIVITIES	
Additions to property and equipment	(29,788)
Additions to investments	(498,088)
Net cash used in investing activities	(527,876)
NET INCREASE TO CASH	60,449
CASH AT BEGINNING OF YEAR	1,991,203
CASH AT END OF YEAR	\$ 2,051,652
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Interest paid	\$ -
Income taxes paid	\$ -

See accompanying notes and independent auditor's report.



LEGAL AID AT WORK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE 1: NATURE OF THE 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 Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. 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, 2021.

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.



LEGAL AID AT WORK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time when any of the following conditions are met: The customer receives and consumes the benefits provided by the Organization's performance as the Organization performs; the Organization's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or the work does not create an asset with an alternative use to the Organization and the entity has a right to payment for performance completed to date.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates are recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period.



LEGAL AID AT WORK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met. Revenue from the sales of goods or merchandise are recognized at the point in time when the goods or merchandise are provided to the customer.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient, the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

Attorneys' Fees

The Organization recognizes attorney fees as revenue upon final agreement between the parties settling a litigation matter or final award by a court with jurisdiction to award such fees.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts due from customers on performance contracts or court awarded fees awarded by a court as a result of a settlement or other litigation matter. The Organization considers all accounts receivable to be fully collectible on December 31, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

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.



LEGAL AID AT WORK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2021 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 U.S. 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.

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.



LEGAL AID AT WORK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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
Software and website	7 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 costs are allocated based on an estimated square footage allocation for each program and supporting activity. 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. 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.



LEGAL AID AT WORK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements – Not Yet Adopted

In February, 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) ("ASU No. 2016-02"), with subsequent improvements and corrections issued in ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20, ASU 2019-01, and ASU 2019-10. ASU 2016-02 amends several aspects of lease accounting, including requiring lessees to recognize on their balance sheet a right-of-use asset and a lease liability for all operating leases with a term of more than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize the right-of-use asset and lease liability. ASU No. 2016-02 is effective for the Organization's year ending December 31, 2021, with early adoption permitted. The Organization is currently evaluating the impact that ASU No. 2016-02 will have on its financial position and results of operations.

NOTE 3: 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 December 2023.

NOTE 4: GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable consists of the following as of December 31, 2021:

Grants and pledges receivable	\$ 597,194
Less allowance for doubtful accounts	<u>(16,271)</u>
Total	<u>\$ 580,923</u>

The Organization expects to collect such funds within one year of December 31, 2021.



LEGAL AID AT WORK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE 5: 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 and may not be available for immediate use. In addition, the Organization has established a second investment pool to hold funds with a potential operating use along a shorter time horizon. Investments consists of the following as of December 31, 2021:

General investments	\$ 7,840,812
Justice Fund	<u>3,542,852</u>
Total	<u>\$ 11,383,664</u>

Investment Activity

Investment activity consists of the following for the year ended December 31, 2021:

Interest and dividends	\$ 148,108
Realized and unrealized gains (losses)	13,319
Investment fees	<u>(10,326)</u>
Total	<u>\$ 151,101</u>

NOTE 6: 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, 2021:

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 910,057	\$ 910,057	\$ -	\$ -
Mutual funds				
Domestic equity	678,370	678,370	-	-
Fixed income:				
US Treasuries	7,874,726	7,874,726	-	-
Agency securities	792,556	-	792,556	-
Corporate bonds	1,127,955	-	1,127,955	-
	<u>\$11,383,664</u>	<u>\$9,463,153</u>	<u>\$1,920,511</u>	<u>\$ -</u>



LEGAL AID AT WORK
 NOTES TO FINANCIAL STATEMENTS
 Year Ended December 31, 2021

NOTE 6: FAIR VALUE MEASUREMENTS (Continued)

Credit and Interest Rate Risk

The Organization's portfolio of fixed income investments is subject to credit risk and interest rate risk.

NOTE 7: PAYCHECK PROTECTION PROGRAM

On April 27, 2020, the Project received loan proceeds of \$725,542 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly applicable payroll expenses of the business. Per the terms of the loan, the full amount will be forgiven as long as loan proceeds are used to cover payroll costs and other specified non-payroll costs. The Project received loan forgiveness in full of \$725,542 from the SBA on July 28, 2021. The proceeds are recognized as income on the statement of activities for the year ending December 31, 2021.

NOTE 8: COMMITMENTS

The Organization leases office space and office equipment under non-cancelable leases that expire on various dates through December 2029. Future lease commitments were as follows for the years ended December 31:

2022	\$ 637,023
2023	648,981
2024	668,453
2025	688,538
2026	709,244
Thereafter	<u>1,486,431</u>
Total	<u>\$ 4,838,670</u>

For the year ended December 31, 2021, rent and common area maintenance expenses totaled \$555,464.

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available as follows on December 31, 2021:

Justice Fund	\$ 3,542,852
100 th Anniversary - Worker's rights clinic	1,016,917
Other specific purpose	<u>243,326</u>
Total	<u>\$ 4,803,095</u>



LEGAL AID AT WORK
 NOTES TO FINANCIAL STATEMENTS
 Year Ended December 31, 2021

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Justice Fund

The Justice Fund secures the Organization's financial foundation by serving as an internal line of credit which may be used to cover costs of litigation with the approval of the relevant board committee. Funds raised may be released to cover eligible costs, and then based on the donor's restriction returned to the fund in certain circumstances such as an award of attorney fees. The Organization treats the use of funds for such litigation as a release of restriction, and the repayment of such amounts in the event of successful litigation as an increase in net assets with donor restriction based on the original donor's intent with respect to the fund.

NOTE 10: ANNUAL EVENT

The Organization holds an annual event as part of its fundraising activities. For the most recent year the event was virtual and so donors did not receive material donor benefits. Activity related to the annual event was as follows during the year ended December 31, 2021:

Admissions, sponsorships, and contributions	\$ 622,605
Less: Costs of direct donor benefit	<u> -</u>
Total	<u>\$ 622,605</u>

NOTE 11: IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions as follows during the year ended December 31, 2021:

Services performed by volunteer attorneys	\$ 637,875
Services performed by law student volunteers	<u>115,610</u>
Total	<u>\$ 753,485</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, 2021:

	<u>Hours</u>	<u>Average Rate</u>
Services performed by volunteer attorneys	1,822.5	\$350 per hour
Services performed by law student volunteers	5,780.5	\$20 per hour



LEGAL AID AT WORK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

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 \$352,983 to the Plan during the year ended December 31, 2021.

NOTE 13: RELATED PARTY ACTIVITIES

Board Contributions

Members of the Organization's board or their firms may contribute to the Organization's annual fund, annual events or at times recommend the Organization benefit from a Cy Pres award.

Co-counsel Arrangements

At times the Organization may be involved in litigation with co-counsel from private firms that have a member on the Organization's Board of Directors. It is the Organization's policy and practice that disclosure, review and approval of such arrangements be carried out by the Board of Directors, independent of the member or members whose firm may be involved as co-counsel. The Organization does not compensate co-counsel. Co-counsel and the Organization may receive amounts from third parties as a result of litigation.

NOTE 14: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 are:

Cash and cash equivalents	\$ 2,051,652
Investments	11,383,664
Grants and pledges receivable	580,923
Court awarded fees and receivables	<u>34,820</u>
Total financial assets available at year end	<u>14,051,059</u>
Less amounts not available to be used within one year purpose-restricted net assets	<u>(4,803,095)</u>
	<u>\$ 9,247,964</u>



LEGAL AID AT WORK
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE 14: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

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.

NOTE 15: CONTINGENCIES

Compliance with Award Conditions

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 grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

Refundable Grants

The Organization receives funding to support its litigation efforts. In the event of a settlement or other award of attorney fees and costs, the Organization may repay the related grant. No reasonable estimate of potential attorney fee and cost recovery was available as of December 31, 2021.

NOTE 16: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of April 25, 2022, the date that the financial statements are available to be issued, there were no significant subsequent events to disclose.

