

# **Legal Services NYC and Constituent Corporations**

Consolidated Financial Report  
and Supplementary Information  
December 31, 2022

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RSM US LLP

## Independent Auditor's Report

Board of Directors  
Legal Services NYC and Constituent Corporations

### Opinion

We have audited the consolidated financial statements of Legal Services NYC and its Constituent Corporations (collectively, Legal Services NYC), which comprise the consolidated statement of financial position as of December 31, 2022, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Legal Services NYC as of December 31, 2022, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Services NYC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

As described in Note 2 to the financial statements, effective in 2022, Legal Services NYC adopted Financial Accounting Standards Board's Accounting Standards Codification (ASC) 842 Leases, which resulted in Legal Services NYC recording a right-of-use asset of \$52,043,000 and a lease liability of \$53,894,000, respectively as of January 1, 2022. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

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

### **Report on Summarized Comparative Information**

We have previously audited Legal Services NYC's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*RSM US LLP*

New York, New York  
September 29, 2023

## **FINANCIAL STATEMENTS**

**LEGAL SERVICES NYC  
AND CONSTITUENT CORPORATIONS**  
Consolidated Statement of Financial Position  
December 31, 2022

(With summarized comparative information as of December 31, 2021)

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<i>Current assets</i>		
Cash and cash equivalents	\$ 5,709,548	\$ 14,841,130
Government and private contracts receivable	25,888,509	20,507,282
Grants and contributions receivable	1,299,965	1,749,420
Other receivable	141,202	266,449
Prepayments	475,655	313,455
Escrow accounts	479,729	385,351
Total current assets	<b>33,994,608</b>	38,063,087
<i>Other assets</i>		
Property, equipment, and law libraries, net	7,117,492	7,280,719
Operating lease right-of-use assets	47,776,303	-
Finance lease, right-of-use assets, net	668,812	-
Security deposits	747,448	637,758
Certificate of deposit	698,863	869,062
Total assets	<b>\$ 91,003,526</b>	\$ 46,850,626
 <b>LIABILITIES AND NET ASSETS</b>		
<i>Current liabilities</i>		
Accounts payable and accrued expenses	\$ 6,522,447	\$ 4,447,046
Current portion of operating lease liabilities	3,716,434	-
Current maturities of finance lease liabilities	311,217	-
Notes payable, current portion	-	14,173
Contract advances	1,123,203	6,877,550
Accrued vacation leave payable	7,010,296	7,194,404
Due to grantor	14,792	14,792
Line of credit	2,507,712	3,500,000
Escrow accounts	479,729	385,351
Total current liabilities	<b>21,685,830</b>	22,433,316
<i>Long-term debt and other obligations</i>		
Deferred rent obligations	-	1,852,300
Operating lease liabilities, non-current	46,974,462	-
Finance lease liabilities, net of current portion	368,620	-
Total liabilities	<b>69,028,912</b>	24,285,616
Commitments and contingencies (note 11)		
<i>Net assets</i>		
Net assets without donor restrictions:		
Undesignated	15,592,849	15,841,589
Board-designated	5,662,407	5,662,407
Legal Services Corporation - Property	293,310	291,672
Total net assets without donor restrictions	<b>21,548,566</b>	21,795,668
Net assets with donor restrictions:		
Total net assets	<b>426,048</b>	769,342
Total liabilities and net assets	<b>\$ 91,003,526</b>	\$ 46,850,626

See notes to consolidated financial statements.

**LEGAL SERVICES NYC  
AND CONSTITUENT CORPORATIONS**

Consolidated Statement of Activities

Year Ended December 31, 2022

(With summarized comparative information for the year ended December 31, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
<b>SUPPORT AND REVENUE</b>				
<i>Grants and contributions</i>				
Legal Services Corporation (LSC)				
Basic	\$ 13,712,101	\$ -	\$ 13,712,101	\$ 14,485,229
LSC attorney fees	53,696	-	53,696	25,415
Other grants	332,448	-	332,448	425,654
Interest on Lawyers' Account (IOLA)	5,375,430	-	5,375,430	5,261,183
Contributions of nonfinancial assets	54,949,989	-	54,949,989	47,356,904
Fund-raising events	1,934,620	-	1,934,620	1,720,359
Private grants and contributions	661,504	2,180,140	2,841,644	3,501,600
Private grants and contributions - board-designed	-	-	-	15,000
Total grants and contributions	<u>77,019,788</u>	<u>2,180,140</u>	<u>79,199,928</u>	<u>72,791,344</u>
<i>Revenue</i>				
Government and private contracts	74,948,507	-	74,948,507	66,595,245
Attorney fees	156,114	-	156,114	383,673
Interest	15,293	-	15,293	24,472
Other revenue	-	-	-	27,856
Total revenue	<u>75,119,914</u>	<u>-</u>	<u>75,119,914</u>	<u>67,031,246</u>
Net assets released from restrictions	<u>2,523,434</u>	<u>(2,523,434)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>154,663,136</u>	<u>(343,294)</u>	<u>154,319,842</u>	<u>139,822,590</u>
<b>EXPENSES</b>				
<i>Personnel</i>				
Lawyers	38,823,951	-	38,823,951	37,452,626
Lawyers, contributed	54,949,989	-	54,949,989	47,356,904
Nonlawyers	21,421,438	-	21,421,438	20,079,612
Fringe benefits	22,310,643	-	22,310,643	21,191,225
Provision for vacation leave	(184,108)	-	(184,108)	942,601
Total personnel	<u>137,321,913</u>	<u>-</u>	<u>137,321,913</u>	<u>127,022,968</u>
<i>Other than personnel costs</i>				
Consultants and contract services	2,837,417	-	2,837,417	2,071,265
Travel	131,417	-	131,417	80,086
Space	6,324,577	-	6,324,577	5,342,103
Consumable supplies	572,215	-	572,215	548,451
Telephone	1,263,269	-	1,263,269	1,149,643
Insurance	287,410	-	287,410	312,223
Equipment rental, maintenance, etc.	770,013	-	770,013	804,504
Depreciation and amortization	1,220,212	-	1,220,212	903,511
Litigation cost	738,685	-	738,685	494,885
Other	1,542,210	-	1,542,210	1,166,636
Bad debt	240,177	-	240,177	397,529
Payments to other organizations	1,660,723	-	1,660,723	1,661,063
Total other than personnel costs	<u>17,588,325</u>	<u>-</u>	<u>17,588,325</u>	<u>14,931,899</u>
Total expenses	<u>154,910,238</u>	<u>-</u>	<u>154,910,238</u>	<u>141,954,867</u>
Change in net assets	<u>(247,102)</u>	<u>(343,294)</u>	<u>(590,396)</u>	<u>(2,132,277)</u>
Net assets at beginning of year	<u>21,795,668</u>	<u>769,342</u>	<u>22,565,010</u>	<u>24,697,287</u>
Net assets at end of year	<u>\$ 21,548,566</u>	<u>\$ 426,048</u>	<u>\$ 21,974,614</u>	<u>\$ 22,565,010</u>

See notes to consolidated financial statements.



**LEGAL SERVICES NYC  
AND CONSTITUENT CORPORATIONS**

Consolidated Statement of Cash Flows  
Year Ended December 31, 2022

(With summarized comparative information for the year ended December 31, 2021)

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2022</b>	<b>2021</b>
Change in net assets	\$ (590,396)	\$ (2,132,277)
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities</i>		
Depreciation and amortization	1,220,212	903,511
Bad debt	240,177	397,529
Changes in operating assets and liabilities:		
Increase in government and private contracts receivable	(5,621,404)	(2,195,408)
Decrease (increase) in grants and contributions receivable	449,455	(352,963)
Decrease (increase) in other receivable	125,247	(77,012)
Increase in prepayments	(162,200)	(97,259)
(Increase) decrease in security deposits	(109,690)	155,070
(Increase) decrease in escrow accounts	(94,378)	205,179
Increase in operating lease right-of-use assets	(49,628,603)	-
Increase in accounts payable and accrued expenses	2,075,401	579,620
(Decrease) increase in contract advances	(5,754,347)	3,170,049
(Decrease) increase in accrued vacation leave payable	(184,108)	942,602
Increase (decrease) in escrow account	94,378	(205,179)
Increase in deferred rent obligations	-	187,858
Increase in operating lease liabilities	50,690,896	-
<b>Net cash (used in) provided by operating activities</b>	<b>(7,249,360)</b>	<b>1,481,320</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption of a certificate of deposit	170,199	-
Purchase of a certificate of deposit	-	(198,648)
Purchases of property and equipment	(759,210)	(526,329)
<b>Net cash used in investing activities</b>	<b>(589,011)</b>	<b>(724,977)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of notes payable	(14,173)	(44,536)
Repayment of line of credit	(2,500,000)	-
Proceeds from line of credit	1,507,712	3,500,000
Payment on finance leases	(286,750)	-
<b>Net cash (used in) provided by financing activities</b>	<b>(1,293,211)</b>	<b>3,455,464</b>
Net change in cash and cash equivalents	(9,131,582)	4,211,807
Cash and cash equivalents at beginning of year	14,841,130	10,629,323
Cash and cash equivalents at end of year	<b>\$ 5,709,548</b>	<b>\$ 14,841,130</b>
<b>SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<b>\$ 133,734</b>	<b>\$ 40,310</b>

See notes to consolidated financial statements.

**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2022

(With selected summarized comparative information as of and for the year ended December 31, 2021)

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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, 2022

(With selected summarized comparative information as of and for the year ended December 31, 2021)

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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 (U.S. GAAP) 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, 2022

(With selected summarized comparative information as of and for the year ended December 31, 2021)

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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, 2022 and 2021, the certificate of deposit of \$698,863 and \$869,062, respectively, is valued at amortized cost plus accrued interest.

**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2022

(With selected summarized comparative information as of and for the year ended December 31, 2021)

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

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 statements 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 statements of activities as net assets released from restrictions.

Private grants and contributions receivable that are expected to be collected within one year are recorded at the net realizable value. Private grants and contributions receivable that are to be collected in more than one year are recorded at the present value of their estimated future cash flows, using a borrowing rate that also considers the risk factors of the donor at the time the receivable is recorded. Legal Services NYC expects to collect all private grants and contributions receivable within one year. An allowance for doubtful grants and contributions receivable is provided by management based on Legal Services NYC's experience with the donors and their ability to pay. There was no allowance for doubtful grants and contributions for 2022 and 2021.

**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2022

(With selected summarized comparative information as of and for the year ended December 31, 2021)

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

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. Contract payments in excess of qualified expenses or performance are reported as contract advances. Contract advances were \$1,123,203 and \$6,877,550 as of December 31, 2022 and 2021, respectively. Donor restricted government and private contract revenue is recognized directly as revenue without donor restrictions if the restriction is met in the same period that the revenue is recognized.

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, 2022 and 2021, Legal Services NYC has outstanding unrecorded conditional receivables of approximately \$41,698,000 and \$37,700,000, respectively, from contributions, grants and contracts.

9.    Contributions of Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. Legal Services elected to early adopt ASU 2020-07 for the year ended December 31, 2022. Adoption of this ASU did not have a significant impact on the consolidated financial statements, with the exception of expanded disclosures. (See Note 13 Contributions of Nonfinancial Assets.)

**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2022

(With selected summarized comparative information as of and for the year ended December 31, 2021)

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

Contributed nonfinancial assets are reported as revenue and expense at their estimated fair value on the date of receipt. Contributed 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.

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	5 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, 2022

(With selected summarized comparative information as of and for the year ended December 31, 2021)

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

12. 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 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 years ended December 31, 2022 and 2021, 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, 2022 and 2021.

Management has evaluated the income tax positions of Legal Services NYC and the CCs for the years ended December 31, 2022 and 2021 and concluded that there are no uncertain income tax positions that require adjustments or disclosures to the accompanying consolidated financial statements. Legal Services NYC and its Constituent Corporations are no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years before 2019.

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 September 29, 2023.



**LEGAL SERVICE NYC  
AND CONSTITUENT CORPORATIONS**  
Notes to Consolidated Financial Statements  
December 31, 2022

(With selected summarized comparative information as of and for the year ended December 31, 2021)

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

15. Prior year Summarized comparative information:

The accompanying financial statements include certain prior-year summarized comparative information in total, but not by net asset class of functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Legal Services NYC's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

16. Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations related to their leasing arrangements. This comprehensive new standard amends and supersedes existing lease accounting guidance and is intended to increase transparency and comparability among organizations by recognizing right-of-use (ROU) lease assets and lease liabilities on the balance sheet and requiring disclosure of key information about leasing arrangements. Lease expense continues to be recognized in a manner similar to legacy U.S. GAAP. Legal Services NYC adopted the new lease standard on January 1, 2022 using the optional transition method to the modified retrospective approach. Under this transition provision, results for reporting periods beginning on January 1, 2022 are presented under Topic 842, while prior period amounts continue to be reported and disclosed in accordance with Legal Services NYC's historical accounting treatment under ASC Topic 840, *Leases*.

To reduce the burden of adoption and ongoing compliance with Topic 842, a number of practical expedients and policy elections are available under the new guidance. Legal Services NYC elected the "package of practical expedients" permitted under the transition guidance, which among other things, did not require reassessment of whether contracts entered into prior to adoption are or contain leases, and allowed carryforward of the historical lease classification for existing leases. Legal Services NYC has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term at adoption on January 1, 2022.

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

Legal Services NYC made an accounting policy election under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of twelve months or less. For all other leases, Legal Services NYC recognizes ROU assets and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease (or January 1, 2022 for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index). Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Legal Services NYC's leases may include a non-lease component representing additional services transferred to Legal Services NYC, such as common area maintenance for real estate. Legal Services NYC made an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

A lessee that is not a public business entity (PBE) is permitted to use a risk-free discount rate for its leases, determined using a period comparable with that of the lease term, as an accounting policy election for all leases. In order to ease the accounting burden of determining incremental borrowing rates under ASC 842, Legal Services NYC has made this accounting policy election for all leases. The risk-free discount rates were obtained using U.S. Treasury securities as posted on the Federal Reserve website. Legal Services NYC uses the implicit rate when readily determinable.

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

Adoption of Topic 842 resulted in the recording of ROU assets and lease liabilities related to the Legal Services NYC's operating leases of approximately \$51,678,000 and \$53,529,000, respectively and finance lease ROU and lease liabilities of approximately \$365,000 on January 1, 2022. The adoption of the new lease standard did not materially impact our consolidated net income or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

17. Recently Issued Accounting Pronouncements

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.

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.

**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.

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

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. There was no unexpended basic grant award as of December 31, 2022. As of December 31, 2021, the unexpended basic grant award funds for use in the future period were less than 1%. 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.

The LSC revenue recognized in 2022 and 2021 was \$14,098,245 and \$14,936,298, respectively. The excess of cash receipts from grant awards and LSC attorney fees over program qualifying expenditures, in the amount of \$0 and \$15,160 as of December 31, 2022 and 2021, respectively is included in contract advances on the consolidated statements of financial position. In 2021, the revenue recognized of \$96,746 in the TIG grant represents the adjustment for program expenditures that were already recognized in the prior years.

	2022							Total
	Basic Field	TIG	Pro Bono Military Monday	Pro Bono Pro Bono Tenant	Pro Bono Innovation	Pro Bono Public Benefits		
Beginning Balance of Contract Advance, 1/1/2022	\$ 2,449	\$ 12,000	\$ -	\$ -	\$ 711	\$ -	\$ 15,160	
Beginning Balance of receivables, 1/1/2022	-	-	(32,557)	(114,647)	-	(56,858)	(204,062)	
Balance returned to the funder	-	(12,000)	-	-	-	-	(12,000)	
Cash Received in 2022	13,709,652	-	32,557	199,659	-	163,970	14,105,838	
Attorney fees	53,696	-	-	-	-	-	53,696	
Revenue in 2022	(13,765,797)	-	-	(147,974)	-	(184,474)	(14,098,245)	
Ending balance of receivables, 12/31/2022	-	-	-	62,962	-	77,362	140,324	
Ending Balance of Contract Advance, 12/31/2022	\$ -	\$ -	\$ -	\$ -	\$ 711	\$ -	\$ 711	

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

	2021						
	Basic Field	TIG	Pro Bono Military Monday	Pro Bono Tenant	Pro Bono Innovation	Pro Bono Public Benefits	Total
Beginning Balance of Contract Advance, 1/1/2021	\$ 483,685	\$ 108,746	\$ 65,736	\$ -	\$ 711	\$ -	\$ 658,878
Beginning Balance of receivables, 1/1/2021	-	-	-	(35,580)	-	-	(35,580)
Cash Received in 2021	14,010,606	-	32,557	62,133	-	-	14,105,296
Attorney fees	18,802	-	-	-	-	-	18,802
Revenue in 2021	(14,510,644)	(96,746)	(130,850)	(141,200)	-	(56,858)	(14,936,298)
Ending balance of receivables, 12/31/2021	-	-	32,557	114,647	-	56,858	204,062
Ending Balance of Contract Advance, 12/31/2021	<u>\$ 2,449</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711</u>	<u>\$ -</u>	<u>\$ 15,160</u>

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

Property, equipment, and law libraries as of December 31, 2022 and 2021 are detailed as follows:

Asset Description	2022		
	Cost	Accumulated Depreciation and Amortization	Net Book Value
Building	\$ 4,914,190	\$ 1,415,687	\$ 3,498,503
Leasehold improvements	7,351,507	5,179,486	2,172,021
Furniture, fixtures, and equipment	5,146,146	3,713,685	1,432,461
Law libraries	69,911	55,404	14,507
Total	<u>\$ 17,481,754</u>	<u>\$ 10,364,262</u>	<u>\$ 7,117,492</u>

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**NOTE 4      PROPERTY, EQUIPMENT, AND LAW LIBRARIES (CONTINUED)**

	2021		
Asset Description	Cost	Accumulated Depreciation and Amortization	Net Book Value
Building	\$ 4,914,190	\$ 1,214,903	\$ 3,699,287
Leasehold improvements	7,035,544	4,802,958	2,232,586
Furniture, fixtures, and equipment	4,713,051	3,371,109	1,341,942
Law libraries	59,759	52,855	6,904
Total	<u>\$ 16,722,544</u>	<u>\$ 9,441,825</u>	<u>\$ 7,280,719</u>

Depreciation and amortization expenses were \$1,220,212 and \$903,511 for the years ended December 31, 2022 and 2021, respectively.

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

LSC property, equipment, and law libraries as of December 31, 2022 and 2021 are detailed as follows:

	2022		
Asset Description	Cost	Accumulated Depreciation and Amortization	Net Book Value
Leasehold improvements	\$ 999,812	\$ 818,033	\$ 181,779
Furniture, fixtures, and equipment	174,959	77,936	97,023
Library	17,824	3,316	14,508
Total	<u>\$ 1,192,595</u>	<u>\$ 899,285</u>	<u>\$ 293,310</u>

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**NOTE 4 PROPERTY, EQUIPMENT, AND LAW LIBRARIES (CONTINUED)**

Asset Description	2021		
	Cost	Accumulated Depreciation and Amortization	Net Book Value
Leasehold improvements	\$ 984,167	\$ 775,557	\$ 208,610
Furniture, fixtures, and equipment	128,658	52,500	76,158
Library	7,672	768	6,904
Total	<u>\$ 1,120,497</u>	<u>\$ 828,825</u>	<u>\$ 291,672</u>

**NOTE 5 GOVERNMENT AND PRIVATE CONTRACTS RECEIVABLE**

At December 31, 2022 and 2021, government and private contracts receivable consisted of the following:

	2022	2021
Federal	\$ 1,642,038	\$ 872,520
New York State	9,158,854	7,501,331
New York City	14,543,143	11,256,880
Private contracts	544,474	876,551
	<u>\$ 25,888,509</u>	<u>\$ 20,507,282</u>

This amount includes approximately \$1,828,000 from unexecuted and/or unregistered contracts with the City of New York as of September 30, 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.

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

Government and private contracts revenue for the years ended December 31, 2022 and 2021, are summarized as follows:

	2022	2021
Federal	\$ 1,828,192	\$ 777,768
New York State	20,171,915	16,478,236
New York City	51,306,001	47,664,962
Private contracts	1,642,399	1,674,279
	\$ 74,948,507	\$ 66,595,245

**NOTE 7      NOTES PAYABLE**

Notes payable are for financing the purchase of capital equipment and leasehold improvement and were \$0 and \$14,173 as of December 31, 2022 and 2021, respectively.

**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, 2022 and 2021 was as follows:

	2022	2021
Management personnel	\$ 2,515,277	\$ 2,468,510
Non-management personnel	4,495,019	4,725,894
	\$ 7,010,296	\$ 7,194,404



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**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2022 and 2021, 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, 2022</u>	<u>Revenue</u>	<u>Release from Restrictions</u>	<u>Balance December 31, 2022</u>
Time and program restricted purposes	\$ 769,342	\$ 2,180,140	\$ (2,523,434)	\$ 426,048

<u>Purpose /Funding Source</u>	<u>Balance January 1, 2021</u>	<u>Revenue</u>	<u>Release from Restrictions</u>	<u>Balance December 31, 2021</u>
Time and program restricted purposes	\$ 364,946	\$ 2,905,539	\$ (2,501,143)	\$ 769,342

**NOTE 10 EMPLOYEE BENEFIT PLAN**

Legal Services NYC sponsors The Legal Services NYC Tax Deferred Annuity Plan (the Plan), a 403(b) plan covering all eligible employees of Legal Services NYC and the constituent corporations. Under the terms of the collective bargaining agreement between the Legal Services Staff Association and Legal Services NYC, Legal Services NYC contributes 7% of gross pay of eligible employees to the Plan. Contributions are made every pay period and are made on behalf of employees with one or more years of service. The Plan provides for immediate vesting. Past service was credited towards vesting. The total pension expenses for the years ended December 31, 2022 and 2021 were approximately \$3,781,000 and \$3,697,000, respectively, and are included in fringe benefits on the consolidated statements of activities.

**NOTE 11 LEASES**

Legal Services NYC determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under Topic 842, a contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. Legal Services NYC also considers whether its service arrangements include the right to control the use of an asset.

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**NOTE 11      LEASES (CONTINUED)**

Legal Services NYC leases premises for general office use from unrelated parties under operating lease agreements that have terms from transition of 1.08 to 20.42 years. These leases include one to two renewal options of five years, exercisable generally at the company's sole discretion, with renewal terms that can extend the lease term. These options to extend a lease are included in the lease terms when it is reasonably certain that Legal Services NYC will exercise that option. Legal Services NYC also leases equipment from unrelated parties under finance lease agreements that have terms of up to 3 years. Legal Services NYC's leases generally do not contain any material restrictive covenants.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows:

	2022
Operating lease cost	\$ 4,948,342
Finance lease cost - amortization of right-of-use assets	297,775
Finance lease cost - interest on lease liabilities	9,160
Total lease cost	\$ 5,255,277

The 2022 operating and finance lease costs above are included in Space and Depreciation and Amortization expense line items in the Consolidated Statement of Activities. Short-term lease expense is not material to Legal Services NYC's consolidated financial statements.

Total rent expense for operating leases was approximately \$5,342,000 for the year ended December 31, 2021.

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2022:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash outflows - payments on operating leases	\$ 3,886,027
Operating cash outflows - payments on finance leases	8,550
Financing cash outflows - payments on finance leases	286,749
Right-of-use assets obtained in exchange for new lease obligations:	
Operating leases	\$ 33,162
Finance leases	601,215

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**NOTE 11      LEASES (CONTINUED)**

Supplemental consolidated statement of financial position information related to leases is as follows:

	Year Ended December 31, 2022
Operating Leases:	
Operating lease right-of-use assets	<u>\$      47,776,303</u>
Other current liabilities	3,716,434
Operating lease liabilities, non-current	<u>46,974,462</u>
Total operating lease liabilities	<u><u>\$      50,690,896</u></u>
Finance Leases:	
Equipment and leasehold improvements	\$            966,587
Accumulated depreciation	(297,775)
Finance lease, right-of-use assets, net	<u><u>\$            668,812</u></u>
Current maturities of finance lease liabilities	\$            311,217
Finance lease liabilities, non-current	<u>368,620</u>
Total finance lease liabilities	<u><u>\$            679,837</u></u>
Weighted-average remaining lease term:	
Operating leases	15.16 years
Finance leases	2.36 years
Weighted-average discount rate:	
Operating leases	1.84%
Finance leases	2.42%

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**NOTE 11 LEASES (CONTINUED)**

Future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities recognized on the consolidated statements of financial position as of December 31, 2022 is as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>
2023	\$ 4,623,311	\$ 324,635
2024	4,486,330	235,526
2025	4,471,254	131,598
2026	4,272,923	11,391
2027	4,273,145	-
Thereafter	37,022,996	-
Total lease payments	<u>59,149,959</u>	<u>703,150</u>
Less imputed interest	8,459,063	23,313
Total present value of lease liabilities	<u>\$ 50,690,896</u>	<u>\$ 679,837</u>

Future minimum lease commitments, as determined under Topic 840, for all non-cancelable leases are as follows as of December 31, 2021:

	<u>Minimum Lease Payments</u>
2022	\$ 3,687,928
2023	4,424,784
2024	4,457,949
2025	4,131,174
2026	3,841,324
Thereafter	20,608,110
	<u>\$ 41,151,269</u>

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

1. Contingent liabilities

There is no adverse litigation threatened or pending litigation in which an unfavorable determination may have an adverse effect on the financial or operating condition of Legal Services NYC.

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**NOTE 12      COMMITMENTS AND CONTINGENCIES (CONTINUED)**

2. Funding Source Audits

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

**NOTE 13      CONTRIBUTED NONFINANCIAL ASSETS**

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 contributed professional services, which have an estimated fair value of \$54,949,989 and \$47,356,904 for the years ended December 31, 2022 and 2021, respectively, have been reflected in the accompanying consolidated statements of activities. The estimated fair value of these donated professional services is provided by the service provider, who estimate the fair value based on the date, time and market in which each service is rendered. Donated services were utilized by Legal Services NYC's programs and supporting services. There were no donor-imposed restrictions associated with the donated services.

**NOTE 14      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, 2022 and 2021 are held by one financial institution.

**NOTE 15      BOARD-DESIGNATED RESERVE**

The board-designated reserve is maintained as an operating reserve for the organization. The reserve is not used to provide income for operations, but to be available as a reserve for appropriation by the board. The target amount for the reserve was set at one month of budgeted expenses for the organization. At December 31, 2022 and 2021, the target reserve had a balance of \$5,662,407. In 2022 and 2021, there were no additional authorizations made by the board.

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**NOTE 16 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Legal Services NYC regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Legal Services NYC has cash and cash equivalents and line of credit as a source of liquidity at its disposal. The government and private contracts receivable are all due within one year since these amounts mainly represent 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,	2022	2021
Cash and cash equivalents	\$ 5,709,548	\$ 14,841,130
Government and private contracts receivable	25,888,509	20,507,282
Grants and contributions receivable	1,299,965	1,749,420
Other receivables	141,202	266,449
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 33,039,224</u>	<u>\$ 37,364,281</u>

**NOTE 17 LINE OF CREDIT**

In August 2020, Legal Services NYC entered into a revolving line of credit agreement with a bank for \$3,500,000. In February 2023, the line of credit was extended through February 28, 2024 with increasing the principal amount to \$4,000,000. The line of credit is secured by various assets. There was an outstanding line of credit balance of \$2,507,712 and \$3,500,000 as of December 31, 2022 and 2021, respectively. The interest rate as of December 31, 2022 and 2021 was 7.5% and 3.25%, respectively. The line credit balance of \$2,507,712 was subsequently paid in full on February 24, 2023.

**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.

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**NOTE 18 FUNCTIONAL EXPENSES (CONTINUED)**

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

	2022								2021	
	Program Services				Supporting Services				Total	Summarized Information
	Housing	Income Maintenance	Family	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services		
<i>Personnel</i>										
Lawyers	\$ 23,259,995	\$ 5,650,222	\$ 2,322,043	\$ 6,922,205	\$ 38,154,465	\$ 669,486	\$ -	\$ 669,486	\$ 38,823,951	\$ 37,452,626
Lawyers, contributed	30,791,994	7,479,864	3,073,961	9,163,738	50,509,557	4,440,432	-	4,440,432	54,949,989	47,356,904
Nonlawyers	9,884,152	2,401,017	986,734	2,941,537	16,213,440	4,765,533	442,465	5,207,998	21,421,438	20,079,612
Fringe benefits	12,125,334	2,945,436	1,210,471	3,608,515	19,889,756	2,240,388	180,499	2,420,887	22,310,643	21,191,225
Provision for vacation leave	(143,048)	(34,749)	(14,280)	(42,571)	(234,648)	50,540	-	50,540	(184,108)	942,601
Total personnel	75,918,427	18,441,790	7,578,929	22,593,424	124,532,570	12,166,379	622,964	12,789,343	137,321,913	127,022,968
<i>Other than personnel costs</i>										
Consultants and contract services	289,777	70,391	28,928	86,238	475,334	2,361,592	491	2,362,083	2,837,417	2,071,265
Travel	73,173	17,775	7,305	21,776	120,029	10,876	512	11,388	131,417	80,086
Space	3,369,621	818,534	336,389	1,002,804	5,527,348	797,229	-	797,229	6,324,577	5,342,103
Consumable supplies	272,052	66,086	27,159	80,963	446,260	93,292	32,663	125,955	572,215	548,451
Telephone	722,026	175,392	72,080	214,876	1,184,374	78,425	470	78,895	1,263,269	1,149,643
Insurance	-	-	-	-	-	287,410	-	287,410	287,410	312,223
Equipment rental, maintenance, etc.	349,426	84,881	34,883	103,990	573,180	187,185	9,648	196,833	770,013	804,504
Depreciation and amortization	473,863	115,109	47,306	141,022	777,300	442,912	-	442,912	1,220,212	903,511
Litigation cost	445,038	108,107	44,428	132,444	730,017	8,383	285	8,668	738,685	494,885
Other	356,376	86,569	35,577	106,058	584,580	866,515	91,115	957,630	1,542,210	1,166,636
Bad debt	140,322	34,086	14,008	41,761	230,177	10,000	-	10,000	240,177	397,529
Payments to other organizations	139,145	33,801	13,891	41,410	228,247	1,432,476	-	1,432,476	1,660,723	1,661,063
Total other than personnel costs	6,630,819	1,610,731	661,954	1,973,342	10,876,846	6,576,295	135,184	6,711,479	17,588,325	14,931,899
Total expenses - 2022	\$ 82,549,246	\$ 20,052,521	\$ 8,240,883	\$ 24,566,766	\$ 135,409,416	\$ 18,742,674	\$ 758,148	\$ 19,500,822	\$ 154,910,238	\$ 141,954,867

## **CONSOLIDATING INFORMATION**



**LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS**  
Consolidating Statement of Financial Position  
December 31, 2022  
(With Summarized Comparative Financial Information as of December 31, 2021)

	Legal Services NYC				Constituent Corporations					Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	Eliminations	2022	2021
<b>ASSETS</b>											
<i>Current assets</i>											
Cash and cash equivalents	\$ 5,680,048	\$ -	\$ 2,000	\$ 5,682,048	\$ 10,900	\$ 6,000	\$ 3,000	\$ 7,600	\$ -	\$ 5,709,548	\$ 14,841,130
Government and private contracts receivable	546,051	1,067,535	1,436,176	3,049,762	6,287,619	3,070,239	5,106,349	8,374,540	-	25,888,509	20,507,282
Grants and contributions receivable	166,735	207,485	47,955	422,175	181,672	86,442	254,384	355,292	-	1,299,965	1,749,420
Other receivable	141,004	-	-	141,004	-	-	198	-	-	141,202	266,449
Prepayments	383,232	1,750	10,349	395,331	38,131	13,704	12,239	16,250	-	475,655	313,455
Intercompany receivables	11,117,355	-	-	11,117,355	-	433,468	-	-	(11,550,823)	-	-
Escrow accounts	-	-	3,911	3,911	258,536	14,589	64,294	138,399	-	479,729	385,351
Total current assets	18,034,425	1,276,770	1,500,391	20,811,586	6,776,858	3,624,442	5,440,464	8,892,081	(11,550,823)	33,994,608	38,063,087
<i>Other Assets</i>											
Property, equipment, and law libraries, net	4,682,561	169,403	18,884	4,870,848	605,565	240,375	701,947	698,757	-	7,117,492	7,280,719
Operating lease right-of-use assets	12,690,381	-	249,634	12,940,015	24,596,831	4,053,055	4,323,436	1,862,966	-	47,776,303	-
Finance lease, right-of-use assets, net	21,641	-	41,543	63,184	163,645	88,614	116,585	236,784	-	668,812	-
Security deposits	23,430	-	5,522	28,952	135,965	45,163	402,588	134,780	-	747,448	637,758
Certificate of deposit	698,863	-	-	698,863	-	-	-	-	-	698,863	869,062
Total assets	\$ 36,151,301	\$ 1,446,173	\$ 1,815,974	\$ 39,413,448	\$ 32,278,864	\$ 8,051,649	\$ 10,985,020	\$ 11,825,368	\$ (11,550,823)	\$ 91,003,526	\$ 46,850,626
<b>LIABILITIES AND NET ASSETS</b>											
<i>Current liabilities</i>											
Accounts payable and accrued expenses	\$ 5,632,310	\$ 114,212	\$ 49,887	\$ 5,796,409	\$ 415,728	\$ 127,776	\$ 79,102	\$ 103,432	\$ -	\$ 6,522,447	4,447,046
Current portion of operating lease liabilities	500,039	-	204,135	704,174	1,136,067	652,282	705,178	518,733	-	3,716,434	-
Current maturities of finance lease liabilities	19,497	-	20,366	39,863	81,590	35,283	51,433	103,048	-	311,217	-
Notes payable, current portion	-	-	-	-	-	-	-	-	-	-	14,173
Contract advances	196	893	134,108	135,197	192,058	288,282	411,110	96,556	-	1,123,203	6,877,550
Accrued vacation leave payable	1,201,146	-	290,391	1,491,537	1,795,165	1,077,673	1,006,332	1,639,589	-	7,010,296	7,194,404
Due to grantor	-	-	-	-	11,754	3,038	-	-	-	14,792	14,792
Intercompany payables	-	1,759,613	150,503	1,910,116	2,492,860	-	3,953,870	3,193,977	(11,550,823)	-	-
Line of credit	2,507,712	-	-	2,507,712	-	-	-	-	-	2,507,712	3,500,000
Escrow accounts	-	-	3,911	3,911	258,536	14,589	64,294	138,399	-	479,729	385,351
Total current liabilities	9,860,900	1,874,718	853,301	12,588,919	6,383,758	2,198,923	6,271,319	5,793,734	(11,550,823)	21,685,830	22,433,316
<i>Long-term debt and other obligations</i>											
Deferred rent obligations	-	-	-	-	-	-	-	-	-	-	1,852,300
Operating lease liabilities, non-current	12,647,803	-	56,646	12,704,449	24,852,205	3,747,184	4,187,215	1,483,409	-	46,974,462	-
Finance lease liabilities, net of current portion	2,191	-	21,403	23,594	83,940	56,202	68,717	136,167	-	368,620	-
Total liabilities	22,510,894	1,874,718	931,350	25,316,962	31,319,903	6,002,309	10,527,251	7,413,310	(11,550,823)	69,028,912	24,285,616
<i>Net assets</i>											
Net assets without donor restrictions - undesignated	7,973,470	(440,068)	823,542	8,356,944	721,191	1,874,823	365,720	4,274,171	-	15,592,849	15,841,589
Net assets without donor restrictions - board-designated	5,662,407	-	-	5,662,407	-	-	-	-	-	5,662,407	5,662,407
Net assets without donor restrictions - Legal Services Corporation - Property	-	11,523	12,248	23,771	57,309	85,326	69,428	57,476	-	293,310	291,672
Total net assets without donor restrictions	13,635,877	(428,545)	835,790	14,043,122	778,500	1,960,149	435,148	4,331,647	-	21,548,566	21,795,668
Net assets with donor restrictions	4,530	-	48,834	53,364	180,461	89,191	22,621	80,411	-	426,048	769,342
Total net assets	13,640,407	(428,545)	884,624	14,096,486	958,961	2,049,340	457,769	4,412,058	-	21,974,614	22,565,010
Total liabilities and net assets	\$ 36,151,301	\$ 1,446,173	\$ 1,815,974	\$ 39,413,448	\$ 32,278,864	\$ 8,051,649	\$ 10,985,020	\$ 11,825,368	\$ (11,550,823)	\$ 91,003,526	\$ 46,850,626

**LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS**  
Consolidating Statement of Activities  
Year Ended December 31, 2022  
(With Summarized Comparative Financial Information for the year ended December 31, 2021)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2022	2021
<b>SUPPORT AND REVENUE</b>										
<b>Without donor restrictions</b>										
<i>Support</i>										
Legal Services Corporation (LSC)										
Basic grant	\$ -	\$ 1,256,664	\$ 584,848	\$ 1,841,512	\$ 3,298,911	\$ 2,527,521	\$ 3,108,155	\$ 2,936,002	\$ 13,712,101	\$ 14,485,229
LSC attorney fees	-	-	-	-	-	-	8,100	45,596	53,696	25,415
Other grants	-	332,448	-	332,448	-	-	-	-	332,448	425,654
Interest on Lawyers' Account (IOLA)	-	725,758	170,059	895,817	1,481,509	422,270	809,317	1,766,517	5,375,430	5,261,183
Contributions of nonfinancial assets	4,440,432	34,293,199	236,181	38,969,812	5,430,957	1,786,139	4,460,537	4,302,544	54,949,989	47,356,904
Fund-raising events	1,293,500	-	-	1,293,500	214,370	426,750	-	-	1,934,620	1,720,359
Private grants and contributions	599,666	-	3,220	602,886	29,874	3,436	-	25,308	661,504	596,061
Private grants and contributions - board-designed	-	-	-	-	-	-	-	-	-	15,000
Total grants and contributions	6,333,598	36,608,069	994,308	43,935,975	10,455,621	5,166,116	8,386,109	9,075,967	77,019,788	69,885,805
<i>Revenue</i>										
Government and private contracts	975,053	2,128,170	4,173,045	7,276,268	21,286,353	14,309,485	12,605,355	19,471,046	74,948,507	66,595,245
Attorney fees	-	-	3,750	3,750	-	20,520	11,400	120,444	156,114	383,673
Interest	14,563	-	-	14,563	532	-	198	-	15,293	24,472
Other revenue	-	-	-	-	-	-	-	-	-	27,856
Total revenue	989,616	2,128,170	4,176,795	7,294,581	21,286,885	14,330,005	12,616,953	19,591,490	75,119,914	67,031,246
Net assets released from restrictions	-	434,088	101,167	535,255	812,896	453,853	324,357	397,073	2,523,434	2,501,143
Total without donor restrictions support and revenue	7,323,214	39,170,327	5,272,270	51,765,811	32,555,402	19,949,974	21,327,419	29,064,530	154,663,136	139,418,194
<b>With donor restrictions</b>										
<i>Support</i>										
Private grants and contributions	-	309,090	65,950	375,040	819,637	363,696	287,069	334,698	2,180,140	2,905,539
Total support	-	309,090	65,950	375,040	819,637	363,696	287,069	334,698	2,180,140	2,905,539
Net assets released from restrictions	-	(434,088)	(101,167)	(535,255)	(812,896)	(453,853)	(324,357)	(397,073)	(2,523,434)	(2,501,143)
Total with donor restrictions support and revenue	-	(124,998)	(35,217)	(160,215)	6,741	(90,157)	(37,288)	(62,375)	(343,294)	404,396
Total support and revenue	7,323,214	39,045,329	5,237,053	51,605,596	32,562,143	19,859,817	21,290,131	29,002,155	154,319,842	139,822,590

**LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS**  
Consolidating Statement of Activities (continued)  
Year Ended December 31, 2022  
(With Summarized Comparative Financial Information for the year ended December 31, 2021)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2022	2021
<b>EXPENSES</b>										
<i>Personnel</i>										
Lawyers	\$ 669,488	\$ 1,673,309	\$ 2,151,640	\$ 4,494,437	10,458,133	\$ 7,325,997	\$ 6,666,343	\$ 9,879,041	\$ 38,823,951	\$ 37,452,626
Lawyers, contributed	4,440,432	34,293,199	236,181	38,969,812	5,430,957	1,786,139	4,460,537	4,302,544	54,949,989	47,356,904
Nonlawyers	5,207,998	1,213,787	699,697	7,121,482	4,318,297	2,608,262	2,673,990	4,699,407	21,421,438	20,079,612
Fringe benefits	2,420,886	897,400	1,113,783	4,432,069	5,620,578	3,663,906	3,625,659	4,968,431	22,310,643	21,191,225
Provision for vacation leave	50,540	-	(83,983)	(33,443)	(101,281)	(59,794)	6,891	3,519	(184,108)	942,601
Total personnel	12,789,344	38,077,695	4,117,318	54,984,357	25,726,684	15,324,510	17,433,420	23,852,942	137,321,913	127,022,968
<i>Other than personnel costs</i>										
Consultants and contract services	2,362,083	16,604	26,261	2,404,948	125,955	80,173	139,367	86,974	2,837,417	2,071,265
Travel	11,388	17,784	10,290	39,462	30,616	18,284	13,530	29,525	131,417	80,086
Space	797,370	83,067	181,430	1,061,867	2,356,356	1,079,018	913,308	914,028	6,324,577	5,342,103
Consumable supplies	125,956	22,691	18,921	167,568	115,382	84,943	63,686	140,636	572,215	548,451
Telephone	78,895	67,730	82,821	229,446	373,187	214,407	165,882	280,347	1,263,269	1,149,643
Insurance	287,410	-	-	287,410	-	-	-	-	287,410	312,223
Equipment rental, maintenance, etc.	196,833	16,390	25,735	238,958	213,540	94,869	78,645	144,001	770,013	804,504
Depreciation and amortization	442,913	12,194	21,635	476,742	214,915	95,764	244,021	188,770	1,220,212	903,511
Litigation cost	8,668	33,850	31,805	74,323	137,814	259,979	122,489	144,080	738,685	494,885
Other	957,630	46,069	44,179	1,047,878	169,307	143,055	58,171	123,799	1,542,210	1,166,636
Bad debt	10,000	22,730	10,295	43,025	23,356	2,500	164,352	6,944	240,177	397,529
Payments to other organizations	1,432,477	-	-	1,432,477	60,000	-	56,245	112,001	1,660,723	1,661,063
Intercompany expense allocation	(12,567,250)	556,337	652,111	(11,358,802)	3,670,616	2,344,948	2,293,817	3,049,421	-	-
Total other than personnel costs	(5,855,627)	895,446	1,105,483	(3,854,698)	7,491,044	4,417,940	4,313,513	5,220,526	17,588,325	14,931,899
Total expenses	6,933,717	38,973,141	5,222,801	51,129,659	33,217,728	19,742,450	21,746,933	29,073,468	154,910,238	141,954,867
<i>Change in net asset before other changes</i>										
Without donor restrictions - undesignated	389,497	197,186	49,469	636,152	(662,326)	207,524	(419,514)	(8,938)	(247,102)	(2,551,673)
Without donor restrictions - board-designed	-	-	-	-	-	-	-	-	-	15,000
Total without donor restrictions	389,497	197,186	49,469	636,152	(662,326)	207,524	(419,514)	(8,938)	(247,102)	(2,536,673)
With donor restrictions	-	(124,998)	(35,217)	(160,215)	6,741	(90,157)	(37,288)	(62,375)	(343,294)	404,396
Total	389,497	72,188	14,252	475,937	(655,585)	117,367	(456,802)	(71,313)	(590,396)	(2,132,277)

**LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS**  
Consolidating Statement of Activities (continued)  
Year Ended December 31, 2022  
(With Summarized Comparative Financial Information for the year ended December 31, 2021)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2022	2021
<i>Other changes</i>										
With donor restrictions:										
Reclassification between the entities	\$ -	\$ -	\$ -	\$ -	\$ 30,743	\$ (30,743)	\$ -	\$ -	\$ -	\$ -
<i>Change in net assets</i>										
Without donor restrictions - undesignated	389,497	197,186	49,469	<b>636,152</b>	(662,326)	207,524	(419,514)	(8,938)	<b>(247,102)</b>	(2,551,673)
Without donor restrictions - board-designated	-	-	-	-	-	-	-	-	-	15,000
Total unrestricted	389,497	197,186	49,469	<b>636,152</b>	(662,326)	207,524	(419,514)	(8,938)	<b>(247,102)</b>	(2,536,673)
With donor restrictions	-	(124,998)	(35,217)	<b>(160,215)</b>	37,484	(120,900)	(37,288)	(62,375)	<b>(343,294)</b>	404,396
Total change in net assets	389,497	72,188	14,252	<b>475,937</b>	(624,842)	86,624	(456,802)	(71,313)	<b>(590,396)</b>	(2,132,277)
<i>Net assets at beginning of year</i>										
Without donor restrictions - undesignated	7,583,973	(625,731)	786,321	<b>7,744,563</b>	1,440,826	1,752,625	854,662	4,340,585	<b>16,133,261</b>	18,684,934
Without donor restrictions - board-designated	5,662,407	-	-	<b>5,662,407</b>	-	-	-	-	<b>5,662,407</b>	5,647,407
Total unrestricted	13,246,380	(625,731)	786,321	<b>13,406,970</b>	1,440,826	1,752,625	854,662	4,340,585	<b>21,795,668</b>	24,332,341
With donor restrictions	4,530	124,998	84,051	<b>213,579</b>	142,977	210,091	59,909	142,786	<b>769,342</b>	364,946
Total	13,250,910	(500,733)	870,372	<b>13,620,549</b>	1,583,803	1,962,716	914,571	4,483,371	<b>22,565,010</b>	24,697,287
<i>Net assets at end of year</i>										
Without donor restrictions - undesignated	7,973,470	(428,545)	835,790	<b>8,380,715</b>	778,500	1,960,149	435,148	4,331,647	<b>15,886,159</b>	16,133,261
Without donor restrictions - board-designated	5,662,407	-	-	<b>5,662,407</b>	-	-	-	-	<b>5,662,407</b>	5,662,407
Total unrestricted	13,635,877	(428,545)	835,790	<b>14,043,122</b>	778,500	1,960,149	435,148	4,331,647	<b>21,548,566</b>	21,795,668
With donor restrictions	4,530	-	48,834	<b>53,364</b>	180,461	89,191	22,621	80,411	<b>426,048</b>	769,342
Total	\$ 13,640,407	\$ (428,545)	\$ 884,624	<b>\$ 14,096,486</b>	\$ 958,961	\$ 2,049,340	\$ 457,769	\$ 4,412,058	<b>\$ 21,974,614</b>	\$ 22,565,010

**LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS**  
Consolidating Statement of Cash Flows  
Year Ended December 31, 2022  
(With Summarized Comparative Financial Information for the year ended December 31, 2021)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Change in net assets	\$ 389,497	\$ 72,188	\$ 14,252	\$ 475,937	\$ (624,842)	\$ 86,624	\$ (456,802)	\$ (71,313)	\$ (590,396)	\$ (2,132,277)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>										
Depreciation and amortization	442,913	12,194	21,635	476,742	214,915	95,764	244,021	188,770	1,220,212	903,511
Bad debt	10,000	22,730	10,295	43,025	23,356	2,500	164,352	6,944	240,177	397,529
Changes in operating assets and liabilities:										
(Increase) decrease in government and private contracts receivable	(92,690)	(493,791)	109,855	(476,626)	(2,436,871)	30,815	494,237	(3,232,959)	(5,621,404)	(2,195,408)
Decrease (increase) in grants and contributions receivable	36,723	178,134	4,216	219,073	(103,593)	317,823	(86,418)	102,570	449,455	(352,963)
(Increase) decrease in other receivable	(16,466)	-	2,824	(13,642)	12,027	104,583	7,716	14,563	125,247	(77,012)
(Increase) decrease in prepayments	(146,013)	(6)	(3,277)	(149,296)	(4,632)	(4,729)	(3,628)	85	(162,200)	(97,259)
(Increase) decrease in security deposits	(500)	-	-	(500)	-	(990)	(108,200)	-	(109,690)	155,070
(Increase) decrease in escrow accounts	-	-	-	-	(37,169)	12,724	12,525	(82,458)	(94,378)	205,179
Increase in operating lease right-of-use assets	(12,797,888)	-	(263,948)	(13,061,836)	(25,235,765)	(4,395,247)	(4,901,444)	(2,034,311)	(49,628,603)	-
(Increase) decrease in intercompany receivables	(9,150,744)	-	-	(9,150,744)	54,836	(433,468)	-	2,617,671	(6,911,705)	(813,048)
Increase (decrease) in accounts payable and accrued expenses	1,914,252	75,690	37,577	2,027,519	35,087	(30,993)	8,299	35,489	2,075,401	579,620
(Decrease) increase in contract advances	(1,581,412)	705	(18,554)	(1,599,261)	(195,223)	90,963	(1,305,171)	(2,745,655)	(5,754,347)	3,170,049
Increase (decrease) in intercompany payables	-	278,478	(75,947)	202,531	2,492,860	(118,490)	1,140,827	3,193,977	6,911,705	813,048
Increase (decrease) in accrued vacation leave payable	50,539	-	(83,983)	(33,444)	(101,280)	(59,794)	6,890	3,520	(184,108)	942,602
Increase (decrease) in escrow accounts	-	-	-	-	37,169	(12,724)	(12,525)	82,458	94,378	(205,179)
Increase in deferred rent obligations	-	-	-	-	-	-	-	-	-	187,858
Increase in operating lease liabilities	13,147,842	-	260,781	13,408,623	25,988,272	4,399,466	4,892,393	2,002,142	50,690,896	-
Net cash (used in) provided by operating activities	(7,793,947)	146,322	15,726	(7,631,899)	119,147	84,827	97,072	81,493	(7,249,360)	1,481,320
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Redemption of a certificate of deposit	170,199	-	-	170,199	-	-	-	-	170,199	-
Purchase of a certificate of deposit	-	-	-	-	-	-	-	-	-	(198,648)
Purchases of property and equipment	(461,872)	(146,322)	-	(608,194)	(32,021)	(56,130)	(49,081)	(13,784)	(759,210)	(526,329)
Net cash used in investing activities	(291,673)	(146,322)	-	(437,995)	(32,021)	(56,130)	(49,081)	(13,784)	(589,011)	(724,977)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Repayment of notes payable	-	-	-	-	(14,173)	-	-	-	(14,173)	(44,536)
Repayment of line of credit	(2,500,000)	-	-	(2,500,000)	-	-	-	-	(2,500,000)	-
Proceeds from line of credit	1,507,712	-	-	1,507,712	-	-	-	-	1,507,712	3,500,000
Payment on finance leases	(53,674)	-	(15,726)	(69,400)	(72,953)	(28,697)	(47,991)	(67,709)	(286,750)	-
Net cash (used in) provided by financing activities	(1,045,962)	-	(15,726)	(1,061,688)	(87,126)	(28,697)	(47,991)	(67,709)	(1,293,211)	3,455,464
Net change in cash and cash equivalents	(9,131,582)	-	-	(9,131,582)	-	-	-	-	(9,131,582)	4,211,807
Cash and cash equivalents at beginning of year	14,811,630	-	2,000	14,813,630	10,900	6,000	3,000	7,600	14,841,130	10,629,323
Cash and cash equivalents at end of year	\$ 5,680,048	\$ -	\$ 2,000	\$ 5,682,048	\$ 10,900	\$ 6,000	\$ 3,000	\$ 7,600	\$ 5,709,548	\$ 14,841,130
<b>SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION</b>										
Cash paid for interest	\$ 124,749	\$ -	\$ 547	\$ 125,296	\$ 1,448	\$ 1,998	\$ 1,960	\$ 3,032	\$ 133,734	\$ 40,310