

Legal Services NYC and Constituent Corporations

Consolidated Financial Report
and Supplementary Information
December 31, 2023

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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 Constituent Corporations (collectively, Legal Services NYC), which comprise the consolidated statement of financial position as of December 31, 2023, 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, 2023, 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 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 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 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, 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 30, 2024

FINANCIAL STATEMENTS

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**
Consolidated Statement of Financial Position
December 31, 2023

(With summarized comparative information as of December 31, 2022)

ASSETS	2023	2022
<i>Current assets</i>		
Cash and cash equivalents	\$ 5,246,814	\$ 5,709,548
Government and private contracts receivable	29,948,601	25,888,509
Grants and contributions receivable	1,400,752	1,299,965
Other receivable	225,539	141,202
Prepayments	515,451	475,655
Escrow accounts	792,816	479,729
Total current assets	38,129,973	33,994,608
<i>Other assets</i>		
Property, equipment, and law libraries, net	7,237,730	7,117,492
Operating lease right-of-use assets	52,350,679	47,776,303
Finance lease, right-of-use assets, net	595,980	668,812
Security deposits	755,577	747,448
Certificate of deposit	713,537	698,863
Total assets	\$ 99,783,476	\$ 91,003,526
 LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable and accrued expenses	\$ 6,833,550	\$ 6,522,447
Current portion of operating lease liabilities	3,711,440	3,716,434
Current maturities of finance lease liabilities	310,056	311,217
Contract advances	898,334	1,123,203
Accrued vacation leave payable	7,004,981	7,010,296
Due to grantor	82,370	14,792
Line of credit	3,000,000	2,507,712
Escrow accounts	792,816	479,729
Total current liabilities	22,633,547	21,685,830
<i>Long-term debt and other obligations</i>		
Operating lease liabilities, non-current	52,084,158	46,974,462
Finance lease liabilities, net of current portion	305,620	368,620
Total liabilities	75,023,325	69,028,912
Commitments and contingencies (note 11)		
<i>Net assets</i>		
Net assets without donor restrictions:		
Undesignated	16,006,221	15,592,849
Board-designated	7,777,407	5,662,407
Legal Services Corporation - Property	515,419	293,310
Total net assets without donor restrictions	24,299,047	21,548,566
Net assets with donor restrictions:		
Total net assets	461,104	426,048
Total liabilities and net assets	\$ 99,783,476	\$ 91,003,526

See notes to consolidated financial statements.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Consolidated Statement of Activities

Year Ended December 31, 2023

(With summarized comparative information for the year ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
SUPPORT AND REVENUE				
<i>Grants and contributions</i>				
Legal Services Corporation (LSC)				
Basic grant	\$ 15,752,685	\$ -	\$ 15,752,685	\$ 13,712,101
LSC attorney fees	-	-	-	53,696
Other grants	304,687	-	304,687	332,448
Interest on Lawyers' Account (IOLA)	6,505,825	-	6,505,825	5,375,430
Contributions of nonfinancial assets	71,368,543	-	71,368,543	54,949,989
Fund-raising events	1,406,739	-	1,406,739	1,934,620
Private grants and contributions	2,204,679	805,159	3,009,838	2,841,644
Private grants and contributions - board-designed	2,115,000	-	2,115,000	-
Total grants and contributions	<u>99,658,158</u>	<u>805,159</u>	<u>100,463,317</u>	<u>79,199,928</u>
<i>Revenue</i>				
Government and private contracts	80,379,699	-	80,379,699	74,948,507
Attorney fees	853,782	-	853,782	156,114
Interest	20,990	-	20,990	15,293
Other revenue	250	-	250	-
Total revenue	<u>81,254,721</u>	<u>-</u>	<u>81,254,721</u>	<u>75,119,914</u>
Net assets released from restrictions	770,103	(770,103)	-	-
Total support and revenue	<u>181,682,982</u>	<u>35,056</u>	<u>181,718,038</u>	<u>154,319,842</u>
EXPENSES				
<i>Personnel</i>				
Lawyers	40,993,042	-	40,993,042	38,823,951
Lawyers, contributed	71,368,543	-	71,368,543	54,949,989
Nonlawyers	23,078,233	-	23,078,233	21,421,438
Fringe benefits	24,752,999	-	24,752,999	22,310,643
Provision for vacation leave	(5,315)	-	(5,315)	(184,108)
Total personnel	<u>160,187,502</u>	<u>-</u>	<u>160,187,502</u>	<u>137,321,913</u>
<i>Other than personnel costs</i>				
Consultants and contract services	3,121,431	-	3,121,431	2,837,417
Travel	227,126	-	227,126	131,417
Space	6,988,684	-	6,988,684	6,324,577
Consumable supplies	645,305	-	645,305	572,215
Telephone	1,096,475	-	1,096,475	1,263,269
Insurance	322,256	-	322,256	287,410
Equipment rental, maintenance, etc.	399,741	-	399,741	770,013
Depreciation and amortization	1,293,045	-	1,293,045	1,220,212
Litigation cost	717,476	-	717,476	738,685
Other	1,667,962	-	1,667,962	1,542,210
Bad debt	179,966	-	179,966	240,177
Payments to other organizations	2,085,532	-	2,085,532	1,660,723
Total other than personnel costs	<u>18,744,999</u>	<u>-</u>	<u>18,744,999</u>	<u>17,588,325</u>
Total expenses	<u>178,932,501</u>	<u>-</u>	<u>178,932,501</u>	<u>154,910,238</u>
Change in net assets	2,750,481	35,056	2,785,537	(590,396)
Net assets at beginning of year	<u>21,548,566</u>	<u>426,048</u>	<u>21,974,614</u>	<u>22,565,010</u>
Net assets at end of year	<u>\$ 24,299,047</u>	<u>\$ 461,104</u>	<u>\$ 24,760,151</u>	<u>\$ 21,974,614</u>

See notes to consolidated financial statements.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Consolidated Statement of Cash Flows
Year Ended December 31, 2023

(With summarized comparative information for the year ended December 31, 2022)

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Change in net assets	\$ 2,785,537	\$ (590,396)
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Depreciation and amortization	1,293,045	1,220,212
Bad debt	179,966	240,177
Changes in operating assets and liabilities:		
Increase in government and private contracts receivable	(4,240,058)	(5,621,404)
(Increase) decrease in grants and contributions receivable	(100,787)	449,455
(Increase) decrease in other receivable	(84,337)	125,247
Increase in prepayments	(39,796)	(162,200)
Increase in security deposits	(8,129)	(109,690)
Increase in escrow accounts	(313,087)	(94,378)
Increase in operating lease right-of-use assets	(4,574,376)	(49,628,603)
Increase in accounts payable and accrued expenses	311,103	2,075,401
Decrease in contract advances	(224,869)	(5,754,347)
Decrease in accrued vacation leave payable	(5,315)	(184,108)
Increase in due to grantor	67,578	-
Increase in escrow accounts	313,087	94,378
Increase in operating lease liabilities	5,104,702	50,690,896
Net cash provided by (used in) operating activities	464,264	(7,249,360)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of a certificate of deposit	-	170,199
Purchase of a certificate of deposit	(14,674)	-
Purchases of property and equipment	(1,064,608)	(759,210)
Net cash (used in) investing activities	(1,079,282)	(589,011)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable	-	(14,173)
Repayment of line of credit	(2,507,712)	(2,500,000)
Proceeds from line of credit	3,000,000	1,507,712
Payment on finance leases	(340,004)	(286,750)
Net cash provided by (used in) financing activities	152,284	(1,293,211)
Net change in cash and cash equivalents	(462,734)	(9,131,582)
Cash and cash equivalents at beginning of year	5,709,548	14,841,130
Cash and cash equivalents at end of year	\$ 5,246,814	\$ 5,709,548
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 50,042	\$ 133,734

See notes to consolidated financial statements.

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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

3. Certificate of Deposit

Certificate of deposit matures five years after date of issuance. At December 31, 2023 and 2022, the certificate of deposit of \$713,537 and \$698,863, respectively, is valued at amortized cost plus accrued interest.

4. 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.

5. 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 performance barriers that must be overcome before Legal Services NYC is entitled to the assets transferred, are fulfilled (See section 7).

All unconditional 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. Conditional donor-restricted support is recognized directly as revenue without donor restrictions if the restriction is met in the same period that the revenue is recognized/condition is met.

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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

Private grants and contributions receivable that are expected to be collected within one year are recorded at the net realizable value. Private grants and contributions receivable that are to be collected in more than one year are recorded at the present value of their estimated future cash flows, using a discount 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 2023 and 2022.

During 2023, Legal Services NYC received a contribution from one donor in an amount of \$2,100,000 which accounted for 41% of total private grants and contributions balance. There was no donor concentration in 2022.

6. 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 \$898,334 and \$1,123,203 as of December 31, 2023 and 2022, 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/condition is met.

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**
Notes to Consolidated Financial Statements
December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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

7. 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, 2023 and 2022, Legal Services NYC has outstanding unrecorded conditional receivables of approximately \$37,640,000 and \$41,698,000, respectively, from contributions, grants and contracts.

8. Contributions of Nonfinancial Assets

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.

9. Attorney Fees

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

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**
Notes to Consolidated Financial Statements
December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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

10. 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	5 - 10 years
Law libraries	5 years

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

11. 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.

12. 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, 2023 and 2022, 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, 2023 and 2022.

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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

Management has evaluated the income tax positions of Legal Services NYC and the CCs for the years ended December 31, 2023 and 2022 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 2020.

13. 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 30, 2024.

14. Prior year Summarized comparative information:

The accompanying financial statements include certain prior-year summarized comparative information in total, but not by net asset class or 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, 2023, from which the summarized information was derived.

15. 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.

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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

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.

To determine the present value of lease payments, Legal Services NYC made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date. The risk-free discount rates were obtained using U.S. Treasury securities as posted on the Federal Reserve website.

16. Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. 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. Legal Services NYC has adopted ASU 2016-13 and ASU 2019-11 effective January 1, 2023. There was no impact on the consolidated financial statements.

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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

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

In accordance with the terms of its LSC grants, Legal Services NYC may retain up to 10% of unexpended basic grant award funds for use in future periods provided expenses are incurred in compliance with the specified terms of each grant, as defined. There was \$229,111 and \$0 unexpended basic grant awards as of December 31, 2023 and 2022, respectively. The unexpended basic grant award funds for use in the future period were less than 10%. 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 2023 and 2022 was \$16,057,372 and \$14,098,245, respectively. The excess of cash receipts from grant awards and LSC attorney fees over program qualifying expenditures, in the amount of \$229,111 and \$711 as of December 31, 2023 and 2022, respectively, is included in contract advances on the consolidated statements of financial position.

	2023							Total
	Basic Field	TIG	Pro Bono Military Monday	Pro Bono Tenant	Pro Bono Innovation	Pro Bono Public Benefits		
Beginning Balance of Contract Advance, 1/1/2023	\$ -	\$ -	\$ -	\$ -	\$ 711	\$ -	\$ 711	
Beginning Balance of receivables, 1/1/2023	-	-	-	(62,962)	-	(77,362)	(140,324)	
Balance returned to the funder	-	-	-	-	(711)	-	(711)	
Cash Received in 2023	15,767,245	-	-	95,369	-	81,868	15,944,482	
Attorney fees	214,551	-	-	-	-	-	214,551	
Revenue in 2023	(15,752,685)	-	-	(74,727)	-	(229,960)	(16,057,372)	
Ending balance of receivables, 12/31/2023	-	-	-	42,320	-	225,454	267,774	
Ending Balance of Contract Advance, 12/31/2023	\$ 229,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,111	

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**
Notes to Consolidated Financial Statements
December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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

	2022						
	Basic Field	TIG	Pro Bono Military Monday	Pro Bono Tenant	Pro Bono Innovation	Pro Bono Public Benefits	Total
Beginning Balance of Contract Advance, 1/1/2022	\$ 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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711</u>	<u>\$ -</u>	<u>\$ 711</u>

NOTE 4 PROPERTY, EQUIPMENT, AND LAW LIBRARIES

Property, equipment, and law libraries as of December 31, 2023 and 2022 are detailed as follows:

Asset Description	2023		
	Cost	Accumulated Depreciation and Amortization	Net Book Value
Building	\$ 4,914,190	\$ 1,617,020	\$ 3,297,170
Leasehold improvements	7,416,225	5,507,908	1,908,317
Furniture, fixtures, and equipment	6,146,036	4,124,735	2,021,301
Law libraries	69,911	58,969	10,942
Total	<u>\$ 18,546,362</u>	<u>\$ 11,308,632</u>	<u>\$ 7,237,730</u>

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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

	2022		
Asset Description	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	\$ 17,481,754	\$ 10,364,262	\$ 7,117,492

Depreciation and amortization expenses were \$1,293,045 and \$1,220,212 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 are detailed as follows:

	2023		
Asset Description	Cost	Accumulated Depreciation and Amortization	Net Book Value
Leasehold improvements	\$ 1,059,281	\$ 800,287	\$ 258,994
Furniture, fixtures, and equipment	359,095	113,613	245,482
Library	17,824	6,881	10,943
Total	\$ 1,436,200	\$ 920,781	\$ 515,419

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

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

	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	\$ 1,192,595	\$ 899,285	\$ 293,310

NOTE 5 GOVERNMENT AND PRIVATE CONTRACTS RECEIVABLE

At December 31, 2023 and 2022, government and private contracts receivable consisted of the following:

	2023	2022
Federal	\$ 1,833,951	\$ 1,642,038
New York State	11,343,296	9,158,854
New York City	15,486,358	14,543,143
Private contracts	1,284,996	544,474
	\$ 29,948,601	\$ 25,888,509

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.

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**
Notes to Consolidated Financial Statements
December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

NOTE 6 SUMMARY OF FUNDING UNDER GOVERNMENT AND PRIVATE CONTRACTS

Government and private contracts revenue for the years ended December 31, 2023 and 2022, are summarized as follows:

	2023	2022
Federal	\$ 1,727,549	\$ 1,828,192
New York State	22,768,227	20,171,915
New York City	53,235,621	51,306,001
Private contracts	2,648,302	1,642,399
	\$ 80,379,699	\$ 74,948,507

NOTE 7 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, 2023 and 2022 was as follows:

	2023	2022
Management personnel	\$ 2,624,374	\$ 2,515,277
Non-management personnel	4,380,607	4,495,019
	\$ 7,004,981	\$ 7,010,296

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 and 2022, are available to satisfy time and purpose restricted for various programs. The changes in Legal Services NYC's net assets with donor restrictions are summarized below:

	Balance January 1, 2023	Revenue	Release from Restrictions	Balance December 31, 2023
Time and purpose restricted	\$ 426,048	\$ 805,159	\$ (770,103)	\$ 461,104

	Balance January 1, 2022	Revenue	Release from Restrictions	Balance December 31, 2022
Time and purpose restricted	\$ 769,342	\$ 2,180,140	\$ (2,523,434)	\$ 426,048

NOTE 9 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, 2023 and 2022 were approximately \$3,882,000 and \$3,781,000, respectively, and are included in fringe benefits on the consolidated statements of activities.

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

NOTE 10 LEASES

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 Legal Services NYC 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:

	2023	2022
Operating lease cost	\$ 5,324,140	\$ 4,948,342
Finance lease cost - amortization of right-of-use assets	348,675	297,775
Finance lease cost - interest on lease liabilities	17,554	9,160
Total lease cost	\$ 5,690,369	\$ 5,255,277

The 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.

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AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

NOTE 10 LEASES (CONTINUED)

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

	2023	2022
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows - payments on operating leases	\$ 4,769,309	\$ 3,886,027
Operating cash outflows - payments on finance leases	17,283	8,550
Financing cash outflows - payments on finance leases	340,002	286,749
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	\$ 9,737,913	\$ 33,162
Finance leases	275,842	601,215

Supplemental consolidated statement of financial position information related to leases at December 31 are as follows:

	2023	2022
Operating Leases:		
Operating lease right-of-use assets	\$ 52,350,679	\$ 47,776,303
Other current liabilities	3,711,440	3,716,434
Operating lease liabilities, non-current	52,084,158	46,974,462
Total operating lease liabilities	\$ 55,795,598	\$ 50,690,896
Finance Leases:		
Equipment and leasehold improvements	\$ 1,067,172	\$ 966,587
Accumulated depreciation	(471,192)	(297,775)
Finance lease, right-of-use assets, net	\$ 595,980	\$ 668,812
Current maturities of finance lease liabilities	\$ 310,056	\$ 311,217
Finance lease liabilities, non-current	305,620	368,620
Total finance lease liabilities	\$ 615,676	\$ 679,837

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

NOTE 10 LEASES (CONTINUED)

	2023	2022
Weighted-average remaining lease term:		
Operating leases	14.46 years	15.16 years
Finance leases	2.12 years	2.36 years
Weighted-average discount rate:		
Operating leases	2.35%	1.84%
Finance leases	3.40%	2.42%

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, 2023 is as follows:

	Operating Leases	Finance Leases
2024	\$ 4,976,040	\$ 326,606
2025	4,975,513	222,723
2026	4,732,483	88,446
2027	4,725,609	4,100
2028	4,395,599	-
Thereafter	42,407,635	-
Total lease payments	66,212,879	641,875
Less imputed interest	10,417,281	26,199
Total present value of lease liabilities	55,795,598	615,676
Less current portion	3,711,440	310,056
Lease liabilities net of current portion	\$ 52,084,158	\$ 305,620

NOTE 11 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.

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**
Notes to Consolidated Financial Statements
December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

NOTE 11 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 12 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 \$71,368,543 and \$54,949,989 for the years ended December 31, 2023 and 2022, 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 rate 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 13 CONCENTRATION OF CREDIT RISK

Legal Services NYC maintains its cash in a number of bank accounts, of which all are interest-bearing accounts. The cash in these accounts from time to time exceeds the Federal Deposit Insurance Corporation limits and subjects Legal Services NYC to concentration of credit risk. However, Legal Services NYC monitors this risk on a regular basis. Substantially all of Legal Services NYC's cash and cash equivalents at December 31, 2023 and 2022 are held by one financial institution.

NOTE 14 BOARD-DESIGNATED RESERVE

The board-designated reserve is maintained as an operating reserve for Legal Services NYC. 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 Legal Services NYC. At December 31, 2023 and 2022, the target reserve had a balance of \$7,777,407 and \$5,662,407, respectively. In 2023, the board designated a contribution from one donor in an amount of \$2,100,000 to the board-designated reserve. In 2022, there were no additional authorizations made by the board.

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

NOTE 15 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Legal Services NYC regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Legal Services NYC has cash and cash equivalents 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,	2023	2022
Cash and cash equivalents	\$ 5,246,814	\$ 5,709,548
Government and private contracts receivable	29,948,601	25,888,509
Grants and contributions receivable	1,400,752	1,299,965
Other receivables	225,539	141,202
Financial assets available to meet cash needs for general expenditures within one year	\$ 36,821,706	\$ 33,039,224

NOTE 16 LINE OF CREDIT

In August 2020, Legal Services NYC entered into a revolving line of credit agreement with a bank for \$3,500,000. The line of credit was increased to \$4,000,000 and set to expire on February 28, 2025. The line of credit is secured by various assets. There was an outstanding line of credit balance of \$3,000,000 and \$2,507,712 as of December 31, 2023 and 2022, respectively. The interest rate as of December 31, 2023 and 2022 was 8.5% and 7.5%, respectively. The line credit balance of \$3,000,000 was subsequently paid in full and the account was closed on August 29, 2024. In September 2024, Legal Services NYC entered a revolving line of credit agreement with a new bank for \$10,000,000 with a maturity in 364 days. This line of credit is secured by all assets of Legal Services NYC.

NOTE 17 FUNCTIONAL EXPENSES

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

**LEGAL SERVICE NYC
AND CONSTITUENT CORPORATIONS**
Notes to Consolidated Financial Statements
December 31, 2023

(With selected summarized comparative information as of and for the year ended December 31, 2022)

NOTE 17 FUNCTIONAL EXPENSES (CONTINUED)

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

	2023					2022				
	Program Services				Supporting Services					
	Housing	Income Maintenance	Family	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	Total
<i>Personnel</i>										
Lawyers	\$ 24,910,445	\$ 5,369,621	\$ 2,486,611	\$ 7,389,204	\$ 40,155,881	\$ 837,161	\$ -	\$ 837,161	\$ 40,993,042	\$ 38,823,951
Lawyers, contributed	42,451,989	9,150,824	4,237,644	12,592,566	68,433,023	2,935,520	-	2,935,520	71,368,543	54,949,989
Nonlawyers	10,464,602	2,255,718	1,044,598	3,104,123	16,869,041	5,857,512	351,680	6,209,192	23,078,233	21,421,438
Fringe benefits	13,717,509	2,956,905	1,369,310	4,069,035	22,112,759	2,494,255	145,985	2,640,240	24,752,999	22,310,643
Provision for vacation leave	(13,334)	(2,874)	(1,331)	(3,955)	(21,494)	16,179	-	16,179	(5,315)	(184,108)
Total personnel	<u>91,531,211</u>	<u>19,730,194</u>	<u>9,136,832</u>	<u>27,150,973</u>	<u>147,549,210</u>	<u>12,140,627</u>	<u>497,665</u>	<u>12,638,292</u>	<u>160,187,502</u>	<u>137,321,913</u>
<i>Other than personnel costs</i>										
Consultants and contract services	361,170	77,853	36,053	107,134	582,210	2,504,875	34,346	2,539,221	3,121,431	2,837,417
Travel	131,652	28,378	13,142	39,052	212,224	14,448	454	14,902	227,126	131,417
Space	3,865,817	833,304	385,894	1,146,720	6,231,735	756,949	-	756,949	6,988,684	6,324,577
Consumable supplies	286,484	61,754	28,597	84,980	461,815	140,356	43,134	183,490	645,305	572,215
Telephone	635,219	136,926	63,409	188,426	1,023,980	72,096	399	72,495	1,096,475	1,263,269
Insurance	86	19	9	26	140	322,116	-	322,116	322,256	287,410
Equipment rental, maintenance, etc.	156,295	33,690	15,602	46,362	251,949	133,704	14,088	147,792	399,741	770,013
Depreciation and amortization	492,540	106,170	49,166	146,102	793,978	499,067	-	499,067	1,293,045	1,220,212
Litigation cost	439,445	94,725	43,866	130,353	708,389	9,087	-	9,087	717,476	738,685
Other	389,395	83,937	38,870	115,507	627,709	828,467	211,786	1,040,253	1,667,962	1,542,210
Bad debt	111,640	24,065	11,144	33,117	179,966	-	-	-	179,966	240,177
Payments to other organizations	216,282	46,621	21,590	64,156	348,649	1,736,883	-	1,736,883	2,085,532	1,660,723
Total other than personnel costs	<u>7,086,025</u>	<u>1,527,442</u>	<u>707,342</u>	<u>2,101,935</u>	<u>11,422,744</u>	<u>7,018,048</u>	<u>304,207</u>	<u>7,322,255</u>	<u>18,744,999</u>	<u>17,588,325</u>
Total expenses - 2023	<u>\$ 98,617,236</u>	<u>\$ 21,257,636</u>	<u>\$ 9,844,174</u>	<u>\$ 29,252,908</u>	<u>\$ 158,971,954</u>	<u>\$ 19,158,675</u>	<u>\$ 801,872</u>	<u>\$ 19,960,547</u>	<u>\$ 178,932,501</u>	<u>\$ 154,910,238</u>

CONSOLIDATING INFORMATION

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Financial Position
December 31, 2023
(With Summarized Comparative Financial Information as of December 31, 2022)

	Legal Services NYC				Constituent Corporations					Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	Eliminations	2023	2022
ASSETS											
<i>Current assets</i>											
Cash and cash equivalents	\$ 5,217,314	\$ -	\$ 2,000	\$ 5,219,314	\$ 10,900	\$ 6,000	\$ 3,000	\$ 7,600	\$ -	\$ 5,246,814	\$ 5,709,548
Government and private contracts receivable	911,808	841,340	1,504,401	3,257,549	8,318,440	4,581,961	5,461,170	8,329,481	-	29,948,601	25,888,509
Grants and contributions receivable	83,946	142,500	45,379	271,825	345,260	137,152	371,055	275,460	-	1,400,752	1,299,965
Other receivable	201,186	-	-	201,186	2,353	22,000	-	-	-	225,539	141,202
Prepayments	415,501	2,203	11,341	429,045	28,909	20,120	11,973	25,404	-	515,451	475,655
Intercompany receivables	14,270,927	-	-	14,270,927	-	-	-	-	(14,270,927)	-	-
Escrow accounts	-	-	3,911	3,911	298,094	140,923	112,225	237,663	-	792,816	479,729
Total current assets	21,100,682	986,043	1,567,032	23,653,757	9,003,956	4,908,156	5,959,423	8,875,608	(14,270,927)	38,129,973	33,994,608
<i>Other Assets</i>											
Property, equipment, and law libraries, net	4,912,402	173,524	28,028	5,113,954	518,428	230,552	682,379	692,417	-	7,237,730	7,117,492
Operating lease right-of-use assets	12,123,591	-	54,118	12,177,709	23,214,426	5,182,894	9,708,601	2,067,049	-	52,350,679	47,776,303
Finance lease, right-of-use assets, net	126,962	-	21,019	147,981	159,747	71,178	84,798	132,276	-	595,980	668,812
Security deposits	23,430	-	5,522	28,952	135,965	50,702	405,178	134,780	-	755,577	747,448
Certificate of deposit	713,537	-	-	713,537	-	-	-	-	-	713,537	698,863
Total assets	\$ 39,000,604	\$ 1,159,567	\$ 1,675,719	\$ 41,835,890	\$ 33,032,522	\$ 10,443,482	\$ 16,840,379	\$ 11,902,130	\$ (14,270,927)	\$ 99,783,476	\$ 91,003,526
LIABILITIES AND NET ASSETS											
<i>Current liabilities</i>											
Accounts payable and accrued expenses	\$ 6,039,877	\$ 26,516	\$ 27,621	\$ 6,094,014	\$ 461,067	\$ 108,035	\$ 84,851	\$ 85,583	\$ -	\$ 6,833,550	6,522,447
Current portion of operating lease liabilities	510,333	-	53,264	563,597	1,186,129	729,452	758,569	473,693	-	3,711,440	3,716,434
Current maturities of finance lease liabilities	43,989	-	13,209	57,198	72,116	41,219	55,428	84,095	-	310,056	311,217
Contract advances	49,246	22,430	39,187	110,863	62,916	10,411	467,997	246,147	-	898,334	1,123,203
Accrued vacation leave payable	1,217,326	-	307,724	1,525,050	1,719,484	1,124,161	960,679	1,675,607	-	7,004,981	7,010,296
Due to grantor	-	-	44,458	44,458	11,754	3,038	23,120	-	-	82,370	14,792
Intercompany payables	-	1,437,703	273,260	1,710,963	4,618,366	1,184,129	3,959,983	2,797,486	(14,270,927)	-	-
Line of credit	3,000,000	-	-	3,000,000	-	-	-	-	-	3,000,000	2,507,712
Escrow accounts	-	-	3,911	3,911	298,094	140,923	112,225	237,663	-	792,816	479,729
Total current liabilities	10,860,771	1,486,649	762,634	13,110,054	8,429,926	3,341,368	6,422,852	5,600,274	(14,270,927)	22,633,547	21,685,830
<i>Long-term debt and other obligations</i>											
Operating lease liabilities, non-current	12,137,470	-	3,381	12,140,851	23,653,212	4,856,227	9,755,976	1,677,892	-	52,084,158	46,974,462
Finance lease liabilities, net of current portion	86,872	-	8,194	95,066	91,586	33,574	33,322	52,072	-	305,620	368,620
Total liabilities	23,085,113	1,486,649	774,209	25,345,971	32,174,724	8,231,169	16,212,150	7,330,238	(14,270,927)	75,023,325	69,028,912
<i>Net assets</i>											
Net assets without donor restrictions - undesignated	8,133,554	(358,572)	888,674	8,663,656	618,141	1,986,426	442,476	4,295,522	-	16,006,221	15,592,849
Net assets without donor restrictions - board-designated	7,777,407	-	-	7,777,407	-	-	-	-	-	7,777,407	5,662,407
Net assets without donor restrictions - Legal Services Corporation - Property	-	31,490	8,460	39,950	61,660	160,680	177,893	75,236	-	515,419	293,310
Total net assets without donor restrictions	15,910,961	(327,082)	897,134	16,481,013	679,801	2,147,106	620,369	4,370,758	-	24,299,047	21,548,566
Net assets with donor restrictions	4,530	-	4,376	8,906	177,997	65,207	7,860	201,134	-	461,104	426,048
Total net assets	15,915,491	(327,082)	901,510	16,489,919	857,798	2,212,313	628,229	4,571,892	-	24,760,151	21,974,614
Total liabilities and net assets	\$ 39,000,604	\$ 1,159,567	\$ 1,675,719	\$ 41,835,890	\$ 33,032,522	\$ 10,443,482	\$ 16,840,379	\$ 11,902,130	\$ (14,270,927)	\$ 99,783,476	\$ 91,003,526

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Activities
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the year ended December 31, 2022)

	Legal Services NYC			Constituent Corporations				Total		
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2023	2022
SUPPORT AND REVENUE										
Without donor restrictions										
<i>Grants and contributions</i>										
Legal Services Corporation (LSC)										
Basic grant	\$ -	\$ 1,127,829	\$ 558,297	\$ 1,686,126	\$ 4,575,626	\$ 3,505,823	\$ 2,905,975	\$ 3,079,135	\$ 15,752,685	\$ 13,712,101
LSC attorney fees	-	-	-	-	-	-	-	-	-	53,696
Other grants	-	304,687	-	304,687	-	-	-	-	304,687	332,448
Interest on Lawyers' Account (IOLA)	-	565,475	269,891	835,366	1,802,172	1,150,669	1,237,362	1,480,256	6,505,825	5,375,430
Contributions of nonfinancial assets	2,935,521	52,842,344	289,639	56,067,504	4,395,352	3,134,684	3,788,369	3,982,634	71,368,543	54,949,989
Fund-raising events	1,030,950	-	-	1,030,950	136,373	239,416	-	-	1,406,739	1,934,620
Private grants and contributions	647,956	429,215	28,175	1,105,346	313,120	287,015	304,714	194,484	2,204,679	661,504
Private grants and contributions - board-designed	2,115,000	-	-	2,115,000	-	-	-	-	2,115,000	-
Total grants and contributions	6,729,427	55,269,550	1,146,002	63,144,979	11,222,643	8,317,607	8,236,420	8,736,509	99,658,158	77,019,788
<i>Revenue</i>										
Government and private contracts	1,203,417	3,522,508	4,705,846	9,431,771	21,706,299	13,839,786	13,153,538	22,248,305	80,379,699	74,948,507
Attorney fees	-	22,178	105,870	128,048	177,424	22,000	209,684	316,626	853,782	156,114
Interest	15,915	-	5,000	20,915	-	34	20	21	20,990	15,293
Other revenue	-	-	-	-	-	-	250	-	250	-
Total revenue	1,219,332	3,544,686	4,816,716	9,580,734	21,883,723	13,861,820	13,363,492	22,564,952	81,254,721	75,119,914
Net assets released from restrictions	-	-	44,458	44,458	547,064	23,984	14,761	139,836	770,103	2,523,434
Total without donor restrictions support and revenue	7,948,759	58,814,236	6,007,176	72,770,171	33,653,430	22,203,411	21,614,673	31,441,297	181,682,982	154,663,136
With donor restrictions										
<i>Support</i>										
Private grants and contributions	-	-	-	-	544,600	-	-	260,559	805,159	2,180,140
Total support	-	-	-	-	544,600	-	-	260,559	805,159	2,180,140
Net assets released from restrictions	-	-	(44,458)	(44,458)	(547,064)	(23,984)	(14,761)	(139,836)	(770,103)	(2,523,434)
Total with donor restrictions support and revenue	-	-	(44,458)	(44,458)	(2,464)	(23,984)	(14,761)	120,723	35,056	(343,294)
Total support and revenue	7,948,759	58,814,236	5,962,718	72,725,713	33,650,966	22,179,427	21,599,912	31,562,020	181,718,038	154,319,842

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Activities (continued)
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the year ended December 31, 2022)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2023	2022
EXPENSES										
<i>Personnel</i>										
Lawyers	\$ 837,161	\$ 2,154,088	\$ 2,196,753	\$ 5,188,002	11,015,626	\$ 7,449,722	\$ 6,743,125	\$ 10,596,567	\$ 40,993,042	\$ 38,823,951
Lawyers, contributed	2,935,521	52,842,344	289,639	56,067,504	4,395,352	3,134,684	3,788,369	3,982,634	71,368,543	54,949,989
Nonlawyers	6,209,193	1,286,919	962,756	8,458,868	4,341,064	2,733,458	2,634,761	4,910,082	23,078,233	21,421,438
Fringe benefits	2,640,240	1,253,769	1,273,436	5,167,445	6,101,688	3,990,075	3,666,572	5,827,219	24,752,999	22,310,643
Provision for vacation leave	16,179	-	17,334	33,513	(75,680)	46,488	(45,654)	36,018	(5,315)	(184,108)
Total personnel	12,638,294	57,537,120	4,739,918	74,915,332	25,778,050	17,354,427	16,787,173	25,352,520	160,187,502	137,321,913
<i>Other than personnel costs</i>										
Consultants and contract services	2,539,221	45,902	37,913	2,623,036	195,623	105,558	97,050	100,164	3,121,431	2,837,417
Travel	14,903	22,355	14,241	51,499	41,280	30,465	17,139	86,743	227,126	131,417
Space	756,949	106,376	196,866	1,060,191	2,278,795	1,298,211	1,363,228	988,259	6,988,684	6,324,577
Consumable supplies	183,491	26,583	21,537	231,611	118,439	98,317	67,353	129,585	645,305	572,215
Telephone	72,496	51,886	69,094	193,476	317,963	186,620	150,283	248,133	1,096,475	1,263,269
Insurance	322,117	-	-	322,117	-	120	-	19	322,256	287,410
Equipment rental, maintenance, etc.	147,792	36,748	3,841	188,381	116,294	44,298	11,211	39,557	399,741	770,013
Depreciation and amortization	499,066	21,499	27,855	548,420	218,142	101,475	219,548	205,460	1,293,045	1,220,212
Litigation cost	9,086	59,709	32,939	101,734	188,533	95,748	136,625	194,836	717,476	738,685
Other	1,040,252	48,447	47,812	1,136,511	188,736	108,675	69,414	164,626	1,667,962	1,542,210
Bad debt	-	8,972	-	8,972	26,789	19,341	24,527	100,337	179,966	240,177
Payments to other organizations	1,736,884	-	-	1,736,884	191,250	-	48,700	108,698	2,085,532	1,660,723
Intercompany expense allocation	(14,286,876)	747,176	753,816	(12,785,884)	4,092,235	2,573,199	2,437,201	3,683,249	-	-
Total other than personnel costs	(6,964,619)	1,175,653	1,205,914	(4,583,052)	7,974,079	4,662,027	4,642,279	6,049,666	18,744,999	17,588,325
Total expenses	5,673,675	58,712,773	5,945,832	70,332,280	33,752,129	22,016,454	21,429,452	31,402,186	178,932,501	154,910,238
<i>Change in net assets</i>										
Without donor restrictions - undesignated	160,084	101,463	61,344	322,891	(98,699)	186,957	185,221	39,111	635,481	(247,102)
Without donor restrictions - board-designed	2,115,000	-	-	2,115,000	-	-	-	-	2,115,000	-
Total without donor restrictions	2,275,084	101,463	61,344	2,437,891	(98,699)	186,957	185,221	39,111	2,750,481	(247,102)
With donor restrictions	-	-	(44,458)	(44,458)	(2,464)	(23,984)	(14,761)	120,723	35,056	(343,294)
Total	2,275,084	101,463	16,886	2,393,433	(101,163)	162,973	170,460	159,834	2,785,537	(590,396)

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Activities (continued)
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the year ended December 31, 2022)

	Legal Services NYC			Constituent Corporations				Total		
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2023	2022
<i>Net assets at beginning of year</i>										
Without donor restrictions - undesignated	7,973,470	(428,545)	835,790	8,380,715	778,500	1,960,149	435,148	4,331,647	15,886,159	16,133,261
Without donor restrictions - board-designated	5,662,407	-	-	5,662,407	-	-	-	-	5,662,407	5,662,407
Total unrestricted	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
With donor restrictions	4,530	-	48,834	53,364	180,461	89,191	22,621	80,411	426,048	769,342
Total	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
<i>Net assets at end of year</i>										
Without donor restrictions - undesignated	8,133,554	(327,082)	897,134	8,703,606	679,801	2,147,106	620,369	4,370,758	16,521,640	15,886,159
Without donor restrictions - board-designated	7,777,407	-	-	7,777,407	-	-	-	-	7,777,407	5,662,407
Total unrestricted	15,910,961	(327,082)	897,134	16,481,013	679,801	2,147,106	620,369	4,370,758	24,299,047	21,548,566
With donor restrictions	4,530	-	4,376	8,906	177,997	65,207	7,860	201,134	461,104	426,048
Total	\$ 15,915,491	\$ (327,082)	\$ 901,510	\$ 16,489,919	\$ 857,798	\$ 2,212,313	\$ 628,229	\$ 4,571,892	\$ 24,760,151	\$ 21,974,614

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Cash Flows
Year Ended December 31, 2023
(With Summarized Comparative Financial Information for the year ended December 31, 2022)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES										
Change in net assets	\$ 2,275,084	\$ 101,463	\$ 16,886	\$ 2,393,433	\$ (101,163)	\$ 162,973	\$ 170,460	\$ 159,834	\$ 2,785,537	\$ (590,396)
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>										
Depreciation and amortization	499,066	21,499	27,855	548,420	218,142	101,475	219,548	205,460	1,293,045	1,220,212
Bad debt	-	8,972	-	8,972	26,789	19,341	24,527	100,337	179,966	240,177
Changes in operating assets and liabilities:										
Increase in government and private contracts receivable	(365,757)	217,223	(68,225)	(216,759)	(2,057,610)	(1,531,063)	(379,348)	(55,278)	(4,240,058)	(5,621,404)
(Increase) decrease in grants and contributions receivable	82,789	64,985	2,576	150,350	(163,588)	(50,710)	(116,671)	79,832	(100,787)	449,455
(Increase) decrease in other receivable	(60,182)	-	-	(60,182)	(2,353)	(22,000)	198	-	(84,337)	125,247
Increase in prepayments	(32,269)	(453)	(992)	(33,714)	9,222	(6,416)	266	(9,154)	(39,796)	(162,200)
Increase in security deposits	-	-	-	-	-	(5,539)	(2,590)	-	(8,129)	(109,690)
Increase in escrow accounts	-	-	-	-	(39,558)	(126,334)	(47,931)	(99,264)	(313,087)	(94,378)
Increase in operating lease right-of-use assets	566,790	-	195,516	762,306	1,382,405	(1,129,839)	(5,385,165)	(204,083)	(4,574,376)	(49,628,603)
Increase in intercompany receivables	(3,153,572)	-	-	(3,153,572)	-	433,468	-	-	(2,720,104)	(6,911,705)
Increase in accounts payable and accrued expenses	407,567	(87,696)	(22,266)	297,605	45,339	(19,741)	5,749	(17,849)	311,103	2,075,401
Decrease in contract advances	49,050	21,537	(94,921)	(24,334)	(129,142)	(277,871)	56,887	149,591	(224,869)	(5,754,347)
Increase in intercompany payables	-	(321,910)	122,757	(199,153)	2,125,506	1,184,129	6,113	(396,491)	2,720,104	6,911,705
Decrease (increase) in accrued vacation leave payable	16,180	-	17,333	33,513	(75,681)	46,488	(45,653)	36,018	(5,315)	(184,108)
Increase in due to grantor	-	-	44,458	44,458	-	-	23,120	-	67,578	-
Increase in escrow accounts	-	-	-	-	39,558	126,334	47,931	99,264	313,087	94,378
Increase in operating lease liabilities	(500,039)	-	(204,136)	(704,175)	(1,148,931)	1,186,213	5,622,152	149,443	5,104,702	50,690,896
Net cash provided by (used in) operating activities	(215,293)	25,620	36,841	(152,832)	128,935	90,908	199,593	197,660	464,264	(7,249,360)
CASH FLOWS FROM INVESTING ACTIVITIES										
Redemption of a certificate of deposit	-	-	-	-	-	-	-	-	-	170,199
Purchase of a certificate of deposit	(14,674)	-	-	(14,674)	-	-	-	-	(14,674)	-
Purchases of property and equipment	(691,929)	(25,620)	(16,475)	(734,024)	(37,437)	(50,377)	(148,158)	(94,612)	(1,064,608)	(759,210)
Net cash used in investing activities	(706,603)	(25,620)	(16,475)	(748,698)	(37,437)	(50,377)	(148,158)	(94,612)	(1,079,282)	(589,011)
CASH FLOWS FROM FINANCING ACTIVITIES										
Repayment of notes payable	-	-	-	-	-	-	-	-	-	(14,173)
Repayment of line of credit	(2,507,712)	-	-	(2,507,712)	-	-	-	-	(2,507,712)	(2,500,000)
Proceeds from line of credit	3,000,000	-	-	3,000,000	-	-	-	-	3,000,000	1,507,712
Payment on finance leases	(33,126)	-	(20,366)	(53,492)	(91,498)	(40,531)	(51,435)	(103,048)	(340,004)	(286,750)
Net cash provided by (used in) financing activities	459,162	-	(20,366)	438,796	(91,498)	(40,531)	(51,435)	(103,048)	152,284	(1,293,211)
Net change in cash and cash equivalents	(462,734)	-	-	(462,734)	-	-	-	-	(462,734)	(9,131,582)
Cash and cash equivalents at beginning of year	5,680,048	-	2,000	5,682,048	10,900	6,000	3,000	7,600	5,709,548	14,841,130
Cash and cash equivalents at end of year	\$ 5,217,314	\$ -	\$ 2,000	\$ 5,219,314	\$ 10,900	\$ 6,000	\$ 3,000	\$ 7,600	\$ 5,246,814	\$ 5,709,548
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION										
Cash paid for interest	\$ 34,539	\$ -	\$ 754	\$ 35,293	\$ 5,014	\$ 2,789	\$ 1,485	\$ 5,461	\$ 50,042	\$ 133,734