

LEGAL ASSISTANCE OF WESTERN  
NEW YORK, INC.  
Grantee No. 233130  
Financial Statements and  
Supplementary Information  
December 31, 2022  
(With Independent Auditors' Report Thereon)

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Legal Assistance of Western New York, Inc.:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Legal Assistance of Western, New York, Inc. (LAWNY) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legal Assistance of Western New York, Inc. as of December 31, 2022 and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited LAWNY's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LAWNY 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.

### Change in Accounting Principle

As discussed in note 1(o) to the financial statements, LAWNY adopted ASC 842 Leases. 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 LAWNY's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LAWNY'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 LAWNY'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.

### Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statement. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2023, on our consideration of LAWNY's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LAWNY's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering LAWNY's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 20, 2023

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Statement of Financial Position

December 31, 2022

with comparative totals for 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and equivalents	\$ 578,004	1,008,813
Client escrow funds	24,530	28,858
Receivables	3,940,905	3,120,475
Prepaid expenses	<u>128,886</u>	<u>143,237</u>
Total current assets	4,672,325	4,301,383
Right-of-use asset - operating leases	2,200,425	-
Property and equipment, net	<u>112,428</u>	<u>158,093</u>
Total assets	<u>\$ 6,985,178</u>	<u>4,459,476</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	1,587,384	1,309,897
Line of credit	300,000	-
Client trust deposits	24,530	28,858
Deferred grant revenue	109,515	93,969
Current installments on operating lease liabilities	<u>499,413</u>	<u>-</u>
Total current liabilities	2,520,842	1,432,724
Operating leases, net of current installments	<u>1,701,012</u>	<u>-</u>
Total liabilities	<u>4,221,854</u>	<u>1,432,724</u>
Net assets:		
Without donor restrictions	1,362,176	1,699,897
With donor restrictions:		
Legal Services Corporation	1,835	234,918
Grant programs	<u>1,399,313</u>	<u>1,091,937</u>
Total net assets with donor restrictions	<u>1,401,148</u>	<u>1,326,855</u>
Total net assets	<u>2,763,324</u>	<u>3,026,752</u>
Total liabilities and net assets	<u>\$ 6,985,178</u>	<u>4,459,476</u>

See accompanying notes to financial statements.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Statement of Activities

Year ended December 31, 2022

with comparative totals for 2021

	Without donor restrictions	With Donor Restrictions		Total with donor restrictions	Total	
		Legal Services Corporation	Other		2022	2021
Revenue and other support:						
Contributions	\$ 305,959	2,292,815	13,377,934	15,670,749	15,976,708	15,419,279
Contributed nonfinancial assets	188,888	-	-	-	188,888	159,851
Attorney fees	-	5	24,348	24,353	24,353	21,297
Interest income	505	114	643	757	1,262	833
Other	75,686	2,049	11,602	13,651	89,337	64,514
Net assets released from restrictions through satisfaction of program restrictions	<u>15,635,217</u>	<u>(2,528,066)</u>	<u>(13,107,151)</u>	<u>(15,635,217)</u>	-	-
Total revenue and other support	<u>16,206,255</u>	<u>(233,083)</u>	<u>307,376</u>	<u>74,293</u>	<u>16,280,548</u>	<u>15,665,774</u>
Expenses:						
Program services	14,444,174	-	-	-	14,444,174	13,383,271
Management and general	<u>2,099,802</u>	-	-	-	<u>2,099,802</u>	<u>1,890,012</u>
Total expenses	<u>16,543,976</u>	-	-	-	<u>16,543,976</u>	<u>15,273,283</u>
Change in net assets	(337,721)	(233,083)	307,376	74,293	(263,428)	392,491
Net assets at beginning of year	<u>1,699,897</u>	<u>234,918</u>	<u>1,091,937</u>	<u>1,326,855</u>	<u>3,026,752</u>	<u>2,634,261</u>
Net assets at end of year	<u>\$ 1,362,176</u>	<u>1,835</u>	<u>1,399,313</u>	<u>1,401,148</u>	<u>2,763,324</u>	<u>3,026,752</u>

See accompanying notes to financial statements.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.  
Statement of Functional Expenses  
Year ended December 31, 2022  
with comparative totals for 2021

	Program services	Management and general	Total	
			<u>2022</u>	<u>2021</u>
Personnel expenses:				
Lawyers	\$ 5,224,249	617,671	5,841,920	6,030,837
Paralegals	2,702,227	-	2,702,227	2,431,440
Other staff	827,629	766,644	1,594,273	1,190,171
Payroll taxes and employee benefits	<u>3,158,890</u>	<u>415,295</u>	<u>3,574,185</u>	<u>3,046,116</u>
Total personnel expenses	<u>11,912,995</u>	<u>1,799,610</u>	<u>13,712,605</u>	<u>12,698,564</u>
Other expenses:				
Occupancy	635,534	135,745	771,279	745,269
Equipment rental and maintenance	42,225	9,019	51,244	53,194
Office supplies and expenses	177,857	37,989	215,846	254,029
Telephone and internet	129,867	27,739	157,606	162,450
Travel	46,844	4,959	51,803	22,130
Training	67,076	14,327	81,403	49,556
Library	56,030	11,967	67,997	64,096
Insurance	67,144	14,342	81,486	72,028
Contributed nonfinancial assets	188,888	-	188,888	159,851
Dues and fees	41,064	8,771	49,835	61,763
Professional fees	17,554	-	17,554	16,800
Litigation	15,808	-	15,808	13,768
Contract services to clients	448,662	-	448,662	226,048
Contract services to program	439,578	11,543	451,121	526,276
Depreciation	45,665	-	45,665	54,191
Other	<u>111,383</u>	<u>23,791</u>	<u>135,174</u>	<u>93,270</u>
Total other expenses	<u>2,531,179</u>	<u>300,192</u>	<u>2,831,371</u>	<u>2,574,719</u>
Total expenses	<u>\$ 14,444,174</u>	<u>2,099,802</u>	<u>16,543,976</u>	<u>15,273,283</u>

See accompanying notes to financial statements.



LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Statement of Cash Flows

Year ended December 31, 2022

with comparative totals for 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (263,428)	392,491
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	45,665	54,191
Changes in:		
Receivables	(820,430)	134,307
Prepaid expenses	14,351	(10,894)
Accounts payable and accrued expenses	277,487	128,199
Deferred grant revenue	<u>15,546</u>	<u>(595,710)</u>
Net cash provided by (used in) operating activities	(730,809)	102,584
Cash flows from financing activities - proceeds from line of credit	<u>300,000</u>	<u>-</u>
Change in cash and equivalents	(430,809)	102,584
Cash and equivalents at beginning of year	<u>1,008,813</u>	<u>906,229</u>
Cash and equivalents at end of year	<u>\$ 578,004</u>	<u>1,008,813</u>
Supplemental schedule of cash flow information:		
Disposal of fully depreciated property and equipment	<u>\$ 18,745</u>	<u>-</u>
Cash paid for amounts included in measurements of lease liabilities - operating lease principal payments	<u>\$ 408,857</u>	<u>-</u>
Lease assets obtained in exchange for lease liabilities - operating leases	<u>\$ 2,609,282</u>	<u>-</u>

See accompanying notes to financial statements.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements

December 31, 2022

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Legal Assistance of Western New York, Inc. (LAWNY) is a non-profit corporation organized for the purpose of providing legal assistance in non-criminal proceedings or matters to persons financially unable to afford legal assistance in the Western New York area. LAWNY was formed when Southern Tier Legal Services and Chemung County Neighborhood Legal Services, Inc. merged with Monroe County Legal Assistance Corp. in February 2004. In connection with the merger, the name of the corporation was changed from Monroe County Legal Assistance Corp. to Legal Assistance of Western New York, Inc.

(b) Basis of Accounting

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

(c) Basis of Presentation

LAWNY reports information regarding its net assets and changes therein in the following categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of LAWNY's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of LAWNY.

(d) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For purposes of reporting cash flows, LAWNY considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(f) Concentrations of Credit Risk

Financial instruments that potentially subject LAWNY to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Receivables and Bad Debts

Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

(h) Capitalization and Depreciation

Property and equipment are recorded at cost. Property and equipment acquired with Legal Services Corporations (LSC) funds (including leasehold improvements) are considered to be owned by LAWNY while used in the program or in future authorized programs. However, LSC retains a reversionary interest in these assets, as well as the right to determine the use of any proceeds from the sale of assets purchased with its funds. LAWNY follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000. Depreciation of property and equipment is computed on a straight-line basis over the estimated service lives of the assets (ranging from 5 to 40 years).

(i) Long-Lived Assets

LAWNY reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. For assets held and used, if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the asset's carrying value over its estimated fair value. At December 31, 2022 and 2021, no impairment loss has been recognized by LAWNY.

(j) Compensated Absences

Employees accumulate a limited amount of earned but unused vacation time. LAWNY is obligated to pay employees these benefits upon termination or retirement. Compensated absences, included in accounts payable and accrued expenses, amounted to \$528,551 and \$462,165 at December 31, 2022 and 2021, respectively.

(k) Deferred Grant Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statement of financial position as deferred grant revenue.

Under the terms of various grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursements to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowances would not be material.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Contributed Nonfinancial Assets

Contributed nonfinancial assets meeting the requirements for recognition in the financial statements consist of personal services and are reflected in the accompanying statements at their estimated fair market value at the date of receipt. Many individuals volunteer their time and perform a variety of tasks that assist LAWNY.

(m) Income Taxes

LAWNY is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. LAWNY has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. LAWNY presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that LAWNY has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by LAWNY are subject to examination by taxing authorities.

(n) Subsequent Events

LAWNY has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(o) Change in Accounting Principle

In 2022, LAWNY adopted ASC 842 Leases. ASC 842 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. LAWNY elected to apply this standard on a modified retrospective transition approach for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Entities have the option to continue to apply historical accounting under Topic 840, including its disclosure requirements, in comparative periods presented in the year of adoption.

The adoption had a material impact on LAWNY's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. Adoption of the standard required LAWNY to restate amounts as of January 1, 2022, resulting in an increase in operating lease ROU assets and operating lease liabilities of \$2,609,282.

(p) Recent Accounting Standards Issued

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, "Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets." ASU 2020-07 requires new presentation and disclosures for gift-in-kind donations to improve transparency on how those assets are used and valued. These financial statements and notes reflect retroactive adoption of this new standard.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(2) Liquidity

LAWNY has \$4,518,909 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$578,004 of cash and equivalents and \$3,940,905 of receivables. As of December 31, 2022, \$1,401,148 is restricted for use in various programs operated by LAWNY. As more fully described in note 7, LAWNY has a line of credit in the amount of \$750,000, which it could draw upon in the event of an unanticipated liquidity need.

(3) Receivables

Receivables represent the amounts LAWNY was due from funding sources for expenditures incurred or services rendered in excess of payments received. The following details the receivables at December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
NYS Interest on Lawyer Account Fund	\$ 360,883	351,282
NYS Solutions to End Homelessness	46,763	283,594
Hunger Solutions	233,138	209,692
Empire Justice Center	317,050	200,981
Wayne County	305,064	191,983
Cattaraugus County	63,382	133,165
Tompkins County	130,080	125,030
NYS Department of Law	159,937	124,617
Chautauqua County	70,818	124,236
NYS Office of Court Administration	214,241	123,031
U.S. Department of Housing and Urban Development	614,564	117,625
Non-profit Infrastructure Capital Investment Program	-	100,859
Legal Services Corporation - PBIF	-	83,115
Equal Justice Works	8,989	59,281
Community Service Society of New York	190,114	56,832
NYS AmeriCorp (Regional)	45,501	56,048
Law Help	27,154	29,267
Salvation Army	19,693	19,371
U.S. Department of Justice	79,519	18,130
NYS Homes and Community Renewal	21,534	-
NYS Division of Criminal Justice Services	45,090	-
Other	<u>987,391</u>	<u>712,336</u>
	<u>\$ 3,940,905</u>	<u>3,120,475</u>

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(4) Property and Equipment

Property and equipment at December 31, 2022 and 2021 consisted of:

	<u>2022</u>	<u>2021</u>
Purchased with LSC and non-LSC funds:		
Building and improvements	\$ 132,260	132,260
Furniture and equipment	254,453	267,264
Leasehold improvements	<u>278,332</u>	<u>284,266</u>
	665,045	683,790
Less accumulated depreciation	<u>(552,617)</u>	<u>(525,697)</u>
Total property and equipment, all funds	\$ <u>112,428</u>	<u>158,093</u>
Purchased with LSC funds included above:		
Furniture and equipment	\$ 54,287	54,287
Less accumulated depreciation	<u>(52,452)</u>	<u>(47,300)</u>
Total property and equipment, LSC funds	\$ <u>1,835</u>	<u>6,987</u>

(5) Deferred Grant Revenue

Deferred grant revenue represents cash provided to LAWNY in advance of the period to be benefited in order to provide working capital for the operations of various programs of LAWNY. The following details LAWNY's deferred grant revenue at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Federal Home Loan Bank	\$ -	34,347
Pels Memorial Fund	28,852	30,852
American Bar Endowment	5,891	11,200
Gollogly Family Foundation	11,433	-
Legal Services Corporation - TIG #20048	20,791	6,087
United Way	12,645	-
Skadden Foundation	9,678	-
Consumer Financial Protection Bureau	9,516	-
Other	<u>10,709</u>	<u>11,483</u>
	\$ <u>109,515</u>	<u>93,969</u>

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(6) LSC Funding

Funding received from LSC for the years ended December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Basic Field Grant	\$ 2,249,920	2,116,705
COVID-19 Response Grant	-	172,051
Pro Bono Initiative Fund Grant	-	128,951
Technology Initiative Grant - #20048	<u>42,895</u>	<u>70,713</u>
	<u>\$ 2,292,815</u>	<u>2,488,420</u>

The LSC funds are restricted, to be used only for purposes authorized under the Legal Services Corporation Act of 1974, as amended.

(7) Note Payable - Line of Credit

LAWNY has a \$750,000 line of credit with Canandaigua National Bank bearing interest at the prime rate plus 1.5% (9.00% at December 31, 2022). At December 31, 2022, there was \$300,000 outstanding on the line of credit. At December 31, 2021, there was no outstanding balances on the line of credit. Subsequent to year end, the line was increased to \$1,500,000.

(8) Pension Plan

LAWNY has an employee retirement plan covering substantially all employees who work at least 17.5 hours per week. The plan is qualified as tax exempt by the Internal Revenue Service. Contributions to the plan are discretionary and are determined by the LAWNY Board of Directors and amounted to \$154,783 and \$140,508 for the years ended December 31, 2022 and 2021, respectively.

(9) Net Assets Released from Donors Restrictions

Net assets were released from donor restrictions by incurring expenses in satisfaction of program restrictions for the year ended December 31, 2022 as follows:

NYS Office of Court Administration	\$ 4,681,207
Legal Services Corporation	2,528,066
NYS Interest on Lawyer Account Fund	1,333,947
U.S. Department of Housing and Urban Development	1,571,906
NYS Office of Victims Services	634,710
Disability Law Project	548,311
Other programs	<u>4,337,070</u>
Total net assets released from restrictions through satisfaction of program restrictions	<u>\$ 15,635,217</u>

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(10) Recipient Fund Balance

LAWNY, as a stipulation in its contract with LSC, may not expend LSC funds carried over from one year to the next in excess of 10% of LSC support. For the year ended December 31, 2022, LSC funds carried over from 2021 exceeded 10% of LSC support.

(11) Private Attorney Involvement

LAWNY, as a stipulation of its contract with LSC, is required to expend an amount equal to at least 12.5% of its LSC annualized basic field award towards a Private Attorney Involvement Program (PAI). For 2022, 12.5% of LSC's basic field award of \$2,249,920 amounted to \$281,240. During 2022, LAWNY expended \$431,680 (19.2%) for this purpose. A summary of PAI related expenditures for 2022 is as follows:

Personnel	\$ 317,414
Contract services to client	75,000
Occupancy	14,128
Other	<u>25,138</u>
Total PAI related expenditures	\$ <u>431,680</u>

LAWNY awarded \$75,000 of LSC funds to Volunteer Legal Services Project of Monroe County, Inc. (VLSP) which is included above in contract services to client. VLSP has agreed to provide legal representation through volunteers to not less than 120 persons and brief assistance, consultation and advice to not less than 545 persons in Monroe County who meet financial and other eligibility criteria, as established by LSC.

(12) Functional Expenses

LAWNY provides legal assistance in non-criminal proceedings or matters to persons financially unable to afford legal assistance in the Western New York area. All expenses related to providing these services have been allocated to program services with the exception of certain administrative expenses. Salaries and benefits are allocated among programs and support services based on time and effort. Office and other expenses are allocated based on full time equivalents, payroll, employee count, direct usage or any other reasonable method.



LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(13) Right-of-Use Assets - Lease Liabilities

LAWNY leases office spaces in various locations under an operating lease and has elected the practical expedient not to separate lease and nonlease components for all lease transactions. Some leases include options to extend the lease term, options to terminate the lease and options to purchase. LAWNY only includes these options in the measurement of the lease assets and liabilities when it believes these options are reasonably certain of being exercised. The lease assets and liabilities were calculated using the risk-free discount rate at the later of lease inception or period of adoption, unless explicitly stated, in accordance with LAWNY's accounting policies. Additional information about LAWNY's leases are as follows:

Rent expense - operating lease - program services - rent	\$ <u>602,545</u>
Weighted Averages - remaining lease term - operating leases	3.51 years
Discount rate - operating leases	2.43%

The aggregate maturity of the lease payments under ASC 842 for the five years following December 31, 2022 is as follows:

	<u>Operating</u>
2023	\$ 553,458
2024	423,830
2025	350,658
2026	292,495
2027	289,745
Thereafter	<u>492,405</u>
	2,402,591
Less unamortized discount	<u>(202,166)</u>
Total lease liabilities	\$ <u>2,200,425</u>
Lease liabilities - operating leases:	
Current installments	\$ 499,413
Noncurrent installments	<u>1,701,012</u>
Total lease liabilities	\$ <u>2,200,425</u>

The aggregate maturity of lease payments under ASC 840 for the four years following December 31, 2021 is as follows:

2022	\$ 558,293
2023	348,682
2024	336,621
2025	<u>229,584</u>
	\$ <u>1,473,180</u>

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(14) Economic Dependency

A material part of LAWNY's funding is dependent upon a few grants, the loss of any one would have a material adverse effect on LAWNY. For the years ended December 31, 2022 and 2021 Legal Service Corporation (LSC), NYS Interest on Lawyer Account Fund (IOLA) and NYS Office of Court Administration (OCA) programs accounted for 53% and 58%, respectively, of LAWNY's total revenue.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.  
Schedule of Revenue, Expenses and Changes in Net Assets for LSC Funds  
Year ended December 31, 2022

	Basic Field Grant	Private Attorney Involvement	Technology Initiative Grant #20048	Excess 2021 Carryover	Property	Total
Revenue:						
Contributions	\$ 1,818,240	431,680	42,895	-	-	2,292,815
Attorney fees	5	-	-	-	-	5
Interest income	114	-	-	-	-	114
Other	2,049	-	-	-	-	2,049
Total revenue	<u>1,820,408</u>	<u>431,680</u>	<u>42,895</u>	<u>-</u>	<u>-</u>	<u>2,294,983</u>
Expenses:						
Personnel expenses:						
Lawyers	242,462	152,332	-	32,028	-	426,822
Paralegals	108,071	72,511	-	12,463	-	193,045
Other staff	296,161	19,322	895	17,395	-	333,773
Payroll taxes and employee benefits	577,479	73,249	-	98,333	-	749,061
Total personnel expenses	<u>1,224,173</u>	<u>317,414</u>	<u>895</u>	<u>160,219</u>	<u>-</u>	<u>1,702,701</u>
Other expenses:						
Occupancy	199,222	14,128	-	34,664	-	248,014
Equipment rental and maintenance	20,324	939	-	4,071	-	25,334
Office supplies and expenses	44,846	5,273	-	1,683	-	51,802
Telephone and internet	41,555	3,851	-	5,812	-	51,218
Travel	21,471	1,258	-	549	-	23,278
Training	34,228	1,996	-	728	-	36,952
Library	28,046	1,654	-	3,074	-	32,774
Insurance	29,678	1,993	-	5,421	-	37,092
Professional fees	11,855	-	-	2,264	-	14,119
Litigation	10,689	8	-	618	-	11,315
Contract services to clients	-	75,000	-	-	-	75,000
Contract services to program	147,331	7,996	42,000	8,809	-	206,136
Depreciation	-	-	-	-	5,152	5,152
Other	6,990	170	-	19	-	7,179
Total other expenses	<u>596,235</u>	<u>114,266</u>	<u>42,000</u>	<u>67,712</u>	<u>5,152</u>	<u>825,365</u>
Total expenses	<u>1,820,408</u>	<u>431,680</u>	<u>42,895</u>	<u>227,931</u>	<u>5,152</u>	<u>2,528,066</u>
Change in net assets	-	-	-	(227,931)	(5,152)	(233,083)
Net assets at beginning of year	-	-	-	227,931	6,987	234,918
Net assets at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,835</u>	<u>1,835</u>

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.  
 Schedule of Expenditures of Federal Awards  
 Year ended December 31, 2022

<u>Federal Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
Legal Services Corporation:				
Basic Field Grant	9.233130	233130	\$ 2,249,920	75,000
Technology Initiative Grant	9.233130	20048	<u>42,895</u>	<u>-</u>
Total Legal Services Corporation			<u>2,292,815</u>	<u>75,000</u>
U.S. Department of Health and Human Services:				
Passed through the NYS Office for the Aging - Special Programs for the Aging Title III, Part B - Grants for Supported Services and Senior Centers further passed through the organizations and counties of:				
Monroe County	93.044	Not available	140,841	-
Livingston County	93.044	Not available	20,195	-
Ontario County	93.044	Not available	72,816	-
Proaction of Steuben & Yates Counties	93.044	Not available	11,998	-
Seneca County	93.044	Not available	10,025	-
Wayne County	93.044	Not available	19,038	-
Tioga Opportunities, Inc.	93.044	Not available	510	-
Tompkins County	93.044	Not available	10,160	-
Chautauqua County	93.044	Not available	26,500	-
Steuben County	93.044	Not available	<u>18,001</u>	<u>-</u>
			<u>330,084</u>	<u>-</u>
Passed through NYS Department of Health - Children's Health Insurance Program - further passed through NY Community Service Society				
	93.767	Not available	110,963	-
Medical Assistance Program Medicaid Title XIX - further passed through NY Community Service Society				
	93.778	Not available	<u>80,478</u>	<u>-</u>
			<u>191,441</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>521,525</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
Fair Housing Initiative Program (1)	14.408	FH700G13068	410,346	-
Fair Housing Education and Outreach Program (1)	14.408	FH700G13068	125,000	-
Fair Housing Initiative Program ARPA	14.418	FPE2122036	132,623	-
Eviction Prevention Program	14.537	EP-21-NY-009	<u>650,532</u>	<u>34,059</u>
			<u>1,318,501</u>	<u>34,059</u>
Passed through the City of Rochester, Office of Human Services - Community Development Block Grants - further passed through - Legal Aid Society of Rochester				
	14.225	B15MC36003	<u>26,594</u>	<u>-</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.  
Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Housing and Urban Development, Cont.:				
Passed through the NYS Office of Temporary and Disability Assistance - Emergency Solutions to End Homelessness Program	14.231	C00545GG	\$ 271,130	88,711
Emergency Solutions to End Homelessness Program - further passed through:				
Finger Lakes Area Counseling and Recovery	14.231	Not available	75,171	-
Steuben County	14.231	Not available	26,817	-
Just Cause	14.231	Not available	192,052	-
Tompkins County	14.231	Not available	<u>17,949</u>	<u>-</u>
			<u>583,119</u>	<u>88,711</u>
Total U.S. Department of Housing and Urban Development			<u>1,928,214</u>	<u>122,770</u>
U.S. Department of Agriculture - passed through NYS Department of Health - further passed through Hunger Solutions New York - State Administrative Matching Grants for Supplemental Nutrition Assistance Program				
	10.561	Not available	<u>78,377</u>	<u>-</u>
U.S. Department of Justice:				
Legal Assistance for Victims	16.524	2012-WL-AX-0027	<u>119,508</u>	<u>29,039</u>
Passed through NYS Division of Criminal Justice Services - Violence Against Women Formula Grants	16.588	C00325GG	<u>34,663</u>	<u>-</u>
Passed through Office of Justice Programs - further passed through Equal Justice Works	16.582	2020-OVC-EJP-010	<u>108,766</u>	<u>-</u>
Total U.S. Department of Justice			<u>262,937</u>	<u>29,039</u>
Corporation for National and Community Services: Passed through NYS Office of Children and Family Services - State Commissions				
	94.003	C027004	<u>133,118</u>	<u>-</u>
VOCA Crime Victim Assistance:				
Passed through NYS Office of Victims Services further passed through:	16.575	Not available	30,464	-
Arbor Housing and Development	16.575	Not available	82,731	-
Cattaraugus Community Action	16.575	Not available	92,368	-
Chautauqua County	16.575	Not available	89,137	-
Empire Justice Center	16.575	Not available	91,734	-
Family Counseling of the Finger Lakes	16.575	Not available	14,650	-
Safe Harbors of the Finger Lakes	16.575	Not available	70,781	-
The Salvation Army Safehouse	16.575	Not available	112,523	-
Victim Resource Center	16.575	Not available	<u>68,000</u>	<u>-</u>
Total VOCA Crime Victim Assistance			<u>652,388</u>	<u>-</u>
Total federal financial assistance			<u>\$ 5,869,374</u>	<u>226,809</u>

(1) Direct federal award

See accompanying notes to schedule of expenditures of federal awards.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Schedule of Expenditures of Federal Awards

December 31, 2022

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activities of all federal awards programs administered by Legal Assistance of Western New York, Inc. (LAWNY). Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the schedule of expenditures of federal awards.

(2) Basis of Accounting

The information is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

(3) Relationship to Basic Financial Statements

Federal award expenditures are reported on the statement of functional expenses as program services and any related allowable general and administrative expenses under the category of management and general expenses. In certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the Schedule of Expenditures of Federal Awards due to program expenditures exceeding grant or contract budget limitations, matching or contributed nonfinancial assets or capitalization policies required under accounting principles generally accepted in the United States of America.

(4) Indirect Costs

LAWNY has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors  
Legal Assistance of Western New York, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Legal Assistance of Western New York, Inc. (LAWNY), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LAWNY's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LAWNY's internal control. Accordingly, we do not express an opinion on the effectiveness of LAWNY's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of LAWNY's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LAWNY's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LAWNY's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering LAWNY's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 20, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors  
Legal Assistance of Western New York, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Legal Assistance of Western New York, Inc.'s (LAWNY) compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on LAWNY's major federal program for the year ended December 31, 2022. LAWNY's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Legal Assistance of Western New York, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LAWNY and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of LAWNY's compliance with the compliance requirements referred to above.

## Responsibilities for Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to LAWNY's federal programs.

## Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LAWNY's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about LAWNY's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 LAWNY's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of LAWNY's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of LAWNY's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the compliance requirements of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance,

such that there is a reasonable possibility that material noncompliance with a compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 20, 2023

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.  
 Schedule of Findings and Questioned Costs  
 Year ended December 31, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   x   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes   x   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   x   No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes   x   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes   x   None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? \_\_\_\_\_ Yes   x   No
- LAWNY's major program audited was Legal Services Corporation - Basic Field Grant, Assistance Listing Number 9.233130
- The dollar threshold for distinguishing between Type A and B programs was \$750,000.
- Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   x   No
- Due to the restrictions imposed by LSC, LSC recipients cannot be considered a low-risk auditee.

SECTION II - FINANCIAL STATEMENTS FINDINGS

There were no findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.  
Status of Prior Year Audit Findings  
December 31, 2022

There were no audit findings with regard to the prior year financial statements (December 31, 2021).