

LEGAL ASSISTANCE OF WESTERN
NEW YORK, INC.

Grantee No. 233130

Financial Statements and
Supplementary Information

December 31, 2018

(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 Financial Statements

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, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to LAWNY's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LAWNY's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legal Assistance of Western New York, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other 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 schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards (schedule 3), 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited LAWNY's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 22, 2019, 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
April 22, 2019

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.
Statement of Financial Position
December 31, 2018
with comparative totals for 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and equivalents:		
Operating	\$ 603,164	1,272,628
Restricted	38,137	35,140
Total cash and equivalents	641,301	1,307,768
Client escrow funds	24,833	43,610
Receivables	1,945,164	1,516,332
Prepaid expenses	106,980	101,928
Total current assets	2,718,278	2,969,638
Property and equipment, at cost:		
Building and improvements	52,115	-
Furniture and equipment	262,679	282,202
Leasehold improvements	241,314	241,314
	556,108	523,516
Less accumulated depreciation	(403,461)	(398,996)
Net property and equipment	152,647	124,520
Total assets	\$ 2,870,925	3,094,158
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	1,042,933	1,090,056
Client trust deposits	24,833	43,610
Deferred grant revenue	564	79,921
Total current liabilities	1,068,330	1,213,587
Net assets:		
Without donor restrictions	463,963	205,641
With donor restrictions:		
Legal Services Corporation	106,439	82,804
Other	1,232,193	1,592,126
Total net assets with donor restrictions	1,338,632	1,674,930
Total net assets	1,802,595	1,880,571
Commitments (note 12)		
Total liabilities and net assets	\$ 2,870,925	3,094,158

See accompanying notes to financial statements.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Statement of Activities

Year ended December 31, 2018

with comparative totals for 2017

	Without donor restrictions	With Donor Restrictions		Total with donor restrictions	Total	
		Legal Services Corporation	Other		2018	2017
Revenue and other support:						
Grants and contracts	\$ 396,434	1,891,434	9,361,269	11,252,703	11,649,137	11,715,458
Donated services	11,296	-	-	-	11,296	67,502
Attorney fees	-	-	10,000	10,000	10,000	15,200
Interest income	-	258	1,519	1,777	1,777	1,083
Gain on sale of property and equipment	-	-	-	-	-	54,790
Other	73,999	5,508	9,665	15,173	89,172	71,845
Net assets released from restrictions through satisfaction of program restrictions	<u>11,615,951</u>	<u>(1,873,565)</u>	<u>(9,742,386)</u>	<u>(11,615,951)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>12,097,680</u>	<u>23,635</u>	<u>(359,933)</u>	<u>(336,298)</u>	<u>11,761,382</u>	<u>11,925,878</u>
Expenses:						
Program services	10,195,965	-	-	-	10,195,965	10,036,930
Management and general	<u>1,643,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,643,393</u>	<u>1,586,016</u>
Total expenses	<u>11,839,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,839,358</u>	<u>11,622,946</u>
Change in net assets	258,322	23,635	(359,933)	(336,298)	(77,976)	302,932
Net assets at beginning of year	<u>205,641</u>	<u>82,804</u>	<u>1,592,126</u>	<u>1,674,930</u>	<u>1,880,571</u>	<u>1,577,639</u>
Net assets at end of year	<u>\$ 463,963</u>	<u>106,439</u>	<u>1,232,193</u>	<u>1,338,632</u>	<u>1,802,595</u>	<u>1,880,571</u>

See accompanying notes to financial statements.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.
Statement of Functional Expenses
Year ended December 31, 2018
with comparative totals for 2017

	Program services	Management and general	<u>Total</u>	
			<u>2018</u>	<u>2017</u>
Personnel expenses:				
Lawyers	\$ 3,986,095	727,989	4,714,084	4,844,717
Paralegals	1,802,892	-	1,802,892	1,737,992
Other staff	416,418	364,970	781,388	728,900
Payroll taxes and employee benefits	<u>2,176,625</u>	<u>343,845</u>	<u>2,520,470</u>	<u>2,359,083</u>
Total personnel expenses	<u>8,382,030</u>	<u>1,436,804</u>	<u>9,818,834</u>	<u>9,670,692</u>
Other expenses:				
Occupancy	501,900	92,416	594,316	569,361
Equipment rental and maintenance	33,641	6,194	39,835	32,483
Office supplies and expenses	135,742	24,994	160,736	149,569
Telephone and internet	90,225	16,613	106,838	99,145
Travel	113,031	16,921	129,952	150,405
Training	73,719	13,574	87,293	63,944
Library	53,730	9,893	63,623	62,849
Insurance	48,803	8,986	57,789	57,422
Donated services	11,296	-	11,296	67,502
Dues and fees	42,888	7,897	50,785	61,847
Professional fees	14,500	-	14,500	14,200
Litigation	5,387	-	5,387	5,144
Contract services to clients	89,685	-	89,685	72,185
Contract services to program	532,155	2,238	534,393	470,227
Depreciation	30,028	-	30,028	40,432
Other	<u>37,205</u>	<u>6,863</u>	<u>44,068</u>	<u>35,539</u>
Total other expenses	<u>1,813,935</u>	<u>206,589</u>	<u>2,020,524</u>	<u>1,952,254</u>
Total expenses	<u>\$ 10,195,965</u>	<u>1,643,393</u>	<u>11,839,358</u>	<u>11,622,946</u>

See accompanying notes to financial statements.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Statement of Cash Flows

Year ended December 31, 2018

with comparative totals for 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (77,976)	302,932
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	30,028	40,432
Gain on sale of property and equipment	-	(54,790)
Changes in:		
Receivables	(428,832)	168,259
Prepaid expenses	(5,052)	(4,520)
Accounts payable and accrued expenses	(47,123)	19,414
Deferred grant revenue	<u>(79,357)</u>	<u>(93,363)</u>
Net cash provided by (used in) operating activities	<u>(608,312)</u>	<u>378,364</u>
Cash flows from investing activities:		
Additions to property and equipment	(58,155)	(10,469)
Proceeds from sale of property and equipment	<u>-</u>	<u>118,000</u>
Net cash provided by (used in) investing activities	<u>(58,155)</u>	<u>107,531</u>
Change in cash and equivalents	(666,467)	485,895
Cash and equivalents at beginning of year	<u>1,307,768</u>	<u>821,873</u>
Cash and equivalents at end of year	<u>\$ 641,301</u>	<u>1,307,768</u>
Supplemental schedule of cash flow information - disposal of fully depreciated property and equipment	<u>\$ 25,563</u>	<u>203,945</u>

See accompanying notes to financial statements.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements

December 31, 2018

(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 financial position and activities according to two classes of net assets: 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) Impairment of 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. No impairment loss has been recognized by LAWNY for the years ended December 31, 2018 and 2017.

(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 \$405,897 and \$402,877 at December 31, 2018 and 2017, respectively.

(k) Deferred 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 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) Donated Personal Services

Donated personal services meeting the requirements for recognition in the financial statements 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) Recent Accounting Standards Issued

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities." ASU 2016-14 contains several provisions that change the presentation of and disclosures within the financial statements of a not-for-profit entity. These changes include an updated net asset classification scheme from three classes to two classes, quantitative and qualitative disclosures regarding liquidity, and a requirement to report expenses by function, nature, and an analysis showing the relationship between function and nature and the removal of the requirement for a reconciliation for statements of cash flows done on the direct basis. This guidance is effective for fiscal years beginning after December 15, 2017. These financial statements and notes reflect adoption of this new standard.

(2) Liquidity

LAWNY has \$2,548,328 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$603,164 of cash and equivalents and \$1,945,164 of receivables. As of December 31, 2018, \$1,338,632 is restricted for use for LSC and for various other programs operated by LAWNY. As more fully described in note 6, 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.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(3) Receivables

Receivables amounted to \$1,945,164 and \$1,516,332 at December 31, 2018 and 2017, respectively. These 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 as of December 31, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
New York State Department of Law	\$ 296,505	-
New York State Interest on Lawyer Account Fund	286,250	255,794
Empire Justice Center	156,704	245,531
New York State Office of Court Administration	138,840	186,281
Community Service Society of New York	124,149	155,827
Cattaraugus County	117,729	127,280
New York State AmeriCorp (Regional)	107,827	77,158
Nutrition Consortium	94,105	-
Wayne County	77,682	96,865
NYS Solutions to End Homelessness	73,675	75,752
Department of Justice	60,982	-
Equal Justice Works	58,585	-
Non-profit Infrastructure Capital Investment Program	50,572	-
Law Help	50,713	-
Legal Services Corporation	49,852	32,750
Other	<u>200,994</u>	<u>263,094</u>
	<u>\$ 1,945,164</u>	<u>1,516,332</u>

(4) Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2018 and 2017 are restricted for the following:

	<u>2018</u>	<u>2017</u>
Grant programs	\$ 1,232,193	1,592,126
LSC programs	<u>106,439</u>	<u>82,804</u>
Total net assets with donor restrictions	<u>\$ 1,338,632</u>	<u>1,674,930</u>

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(5) Summary of Funding

The LSC grant (number 233130) with LAWNY provided basic annualized funding of \$1,780,387 and \$1,665,332 for the years ended December 31, 2018 and 2017, respectively. Also, LAWNY recognized revenue in the amount of \$97,231 and \$172,780 for the years ended December 31, 2018 and 2017, respectively, in connection with the technology initiative grants (numbers 15044, 15059, 16052 and 16053) received from LSC. In addition, LAWNY recognized revenue in the amount of \$3,816 for the year ended December 31, 2018, in connection with the pro bono initiative fund grant (number PB14018) received from LSC. There were no pro bono initiative funds recognized for the year ended December 31, 2017. Additionally, LAWNY recognized revenue in the amount of \$10,000 for the year ended December 31, 2018, in connection with the Vieth grant received from LSC. There was no Vieth grant revenue recognized for the year ended December 31, 2017. The LSC funds are restricted, to be used only for purposes authorized under the Legal Services Corporation Act of 1974, as amended.

(6) 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%. At December 31, 2018 and 2017, there were no outstanding balances on the line of credit.

(7) 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. The plan was funded in the amount of \$117,613 and \$119,016 for the years ended December 31, 2018 and 2017, respectively.

(8) Net Assets Released from Donors Restrictions

Net assets were released from donor restrictions by incurring expenses in satisfaction of program restrictions for the years ended December 31, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
LSC programs	\$ 1,873,565	1,799,046
Interest on lawyer accounts	1,019,364	678,276
AmeriCorps	444,534	436,580
Public defenders	422,961	457,105
Disability Law Project	331,428	343,407
Fair Housing Initiative Program	300,000	302,355
Other programs	<u>7,224,099</u>	<u>6,761,400</u>
Total net assets released from restrictions through satisfaction of program restrictions	<u>\$ 11,615,951</u>	<u>10,778,169</u>

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(9) 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, 2018, LSC funds carried over from 2017 did not exceed 10% of LSC support.

(10) 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 2018, 12.5% of LSC's basic field award of \$1,780,387 amounted to \$222,548. During 2018, LAWNY expended \$276,490 (15.5%) for this purpose. A summary of PAI related expenditures for 2018 is as follows:

Personnel	\$ 178,985
Contract services to client	72,185
Occupancy	10,978
Other	<u>14,342</u>
Total PAI related expenditures	\$ <u>276,490</u>

LAWNY awarded \$72,185 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 210 persons and brief assistance, consultation and advice to not less than 475 persons in Monroe County who meet financial and other eligibility criteria, as established by LSC.

(11) 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 direct usage.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(12) Commitments

LAWNY leases office space located in Rochester, Geneva, Olean, Elmira, Lyons, Lakeville, Jamestown and Ithaca, New York under operating leases that expire at various dates through January 2023. Total rent expense amounted to \$466,131 and \$455,450 for the years ended December 31, 2018 and 2017, respectively, and is included in occupancy expense in the accompanying statement of functional expenses. The following is a schedule of future minimum rental payments required under these lease arrangements:

2019	\$ 544,824
2020	360,781
2021	237,298
2022	234,992
2023	39,423
Thereafter	<u>48,053</u>
	\$ <u>1,465,371</u>

(13) 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, 2018 and 2017, Legal Service Corporation (LSC), New York State Interest on Lawyer Account Fund (IOLA) and New York State Office of Court Administration (OCA) programs accounted for 64% and 63%, respectively, of LAWNY's total revenue.

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.
Statement of Revenue, Expenses and Changes in Net Assets for LSC Funds
Year ended December 31, 2018

	<u>Basic Field Grant</u>	<u>Private Attorney Involvement</u>	<u>Technology Initiative Grants</u>	<u>Pro Bono Initiative Fund Grant</u>	<u>Other LSC</u>	<u>Property</u>	<u>Total</u>
Revenue:							
Grants and contracts	\$ 1,503,897	276,490	97,231	3,816	10,000	-	1,891,434
Interest income	-	-	-	-	258	-	258
Other	-	-	-	-	5,508	-	5,508
Total revenue	<u>1,503,897</u>	<u>276,490</u>	<u>97,231</u>	<u>3,816</u>	<u>15,766</u>	<u>-</u>	<u>1,897,200</u>
Expenses:							
Personnel expenses:							
Lawyers	57,689	98,624	629	2,981	-	-	159,923
Paralegals	201,414	24,041	1,900	-	-	-	227,355
Other staff	211,797	18,816	8,594	-	-	-	239,207
Payroll taxes and employee benefits	547,925	37,504	551	835	-	-	586,815
Total personnel expenses	<u>1,018,825</u>	<u>178,985</u>	<u>11,674</u>	<u>3,816</u>	<u>-</u>	<u>-</u>	<u>1,213,300</u>
Other expenses:							
Occupancy	122,861	10,978	4,000	-	-	-	137,839
Equipment rental and maintenance	25,176	488	-	-	-	-	25,664
Office supplies and expenses	49,985	3,264	-	-	-	-	53,249
Telephone and internet	15,352	2,295	-	-	-	-	17,647
Travel	16,042	2,702	-	-	-	-	18,744
Training	2,865	1,441	-	-	10,000	-	14,306
Library	22,917	1,270	-	-	-	-	24,187
Insurance	24,972	809	-	-	-	-	25,781

(Continued)

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.
Statement of Revenue, Expenses and Changes in Net Assets for LSC Funds, Continued

	<u>Basic Field Grant</u>	<u>Private Attorney Involvement</u>	<u>Technology Initiative Grants</u>	<u>Pro Bono Initiative Fund Grant</u>	<u>Other LSC</u>	<u>Property</u>	<u>Total</u>
Expenses, continued:							
Other expenses, continued:							
Dues and fees	\$ 3,363	1,208	-	-	-	-	4,571
Professional fees	8,666	-	-	-	-	-	8,666
Litigation	2,615	176	-	-	-	-	2,791
Contract services to clients	-	72,185	-	-	-	-	72,185
Contract services to program	152,662	689	81,557	-	-	-	234,908
Depreciation	-	-	-	-	-	16,177	16,177
Other	3,550	-	-	-	-	-	3,550
Total other expenses	<u>451,026</u>	<u>97,505</u>	<u>85,557</u>	<u>-</u>	<u>10,000</u>	<u>16,177</u>	<u>660,265</u>
Total expenses	<u>1,469,851</u>	<u>276,490</u>	<u>97,231</u>	<u>3,816</u>	<u>10,000</u>	<u>16,177</u>	<u>1,873,565</u>
Change in net assets (deficit)	34,046	-	-	-	5,766	(16,177)	23,635
Net assets (deficit) at beginning of year	<u>(274,230)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>544,670</u>	<u>(187,636)</u>	<u>82,804</u>
Net assets (deficit) at end of year	<u><u>\$ (240,184)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>550,436</u></u>	<u><u>(203,813)</u></u>	<u><u>106,439</u></u>

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.
Statement of Revenue, Expenses and Changes in Net Assets for LSC-TIG Funds
Year ended December 31, 2018

	Grant Number <u>15044</u>	Grant Number <u>15059</u>	Grant Number <u>16052</u>	Grant Number <u>16053</u>	Total
Revenue - grants and contracts	\$ 8,515	<u>39,966</u>	<u>44,000</u>	<u>4,750</u>	<u>97,231</u>
Expenses:					
Personnel expenses:					
Lawyers	19	44	441	125	629
Paralegals	-	-	1,900	-	1,900
Other	2,266	72	4,182	2,074	8,594
Employee benefits	-	-	-	551	551
Total personnel expenses	<u>2,285</u>	<u>116</u>	<u>6,523</u>	<u>2,750</u>	<u>11,674</u>
Other expenses:					
Occupancy	-	-	2,000	2,000	4,000
Contract services to program	6,230	39,850	35,477	-	81,557
Total other expenses	<u>6,230</u>	<u>39,850</u>	<u>37,477</u>	<u>2,000</u>	<u>85,557</u>
Total expenses	<u>8,515</u>	<u>39,966</u>	<u>44,000</u>	<u>4,750</u>	<u>97,231</u>
Change in net assets	-	-	-	-	-
Net assets at beginning of year	-	-	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.
 Schedule of Expenditures of Federal Awards
 Year ended December 31, 2018

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
Legal Services Corporation (1) (Grant #233130)	9.233130	233130	\$ 1,891,434	72,185
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:	93.044	Not available		
Monroe County			50,545	-
Livingston County			20,961	-
Ontario County			25,000	-
Proaction of Steuben & Yates Counties			4,844	-
Seneca County			8,000	-
Wayne County			19,812	-
Tioga Opportunities, Inc.			1,256	-
Tompkins County			5,958	-
Chautauqua County - Jamestown Office of Aging			22,000	-
Total U.S. Department of Health and Human Services			158,376	-
U.S. Department of Housing and Urban Development:				
Fair Housing Initiative Program (1)	14.408	FH700G13068	300,000	-
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	21,070	-
Passed through the NYS Office of Temporary and Disability Assistance - Solutions to End Homelessness Program	14.231	C021835	138,338	-
Further passed through - Steuben County	14.231	Not available	26,783	-
Total U.S. Department of Housing and Urban Development			486,191	-

(Continued)

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

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Agriculture - passed through NYS Department of Health - further passed through Hunger Solutions New York - State Administrative Matching Grants for Special Nutrition Assistance Program	10.561	Not available	\$ 168,049	-
U.S. Department of Justice: Legal Assistance for Victims Passed through NYS Division of Criminal Justice Services: Violence Against Women Formula Grants Further passed through County of Livingston, Office of District Attorney - Violence Against Women Formula Grants	16.524	2012-WL-AX-0009	164,074	-
	16.588	T553147	32,314	-
	16.588	Not available	2,114	-
Total U.S. Department of Justice			<u>198,502</u>	<u>-</u>
Corporation for National and Community Services: Passed through NYS Office of Children and Family Services - State Commissions Passed through Equal Justice Works - AmeriCorps	94.003	C027004	270,935	-
	94.006	13NDHDC003/14NDHDC001	173,599	-
Total Corporation for National and Community Services			<u>444,534</u>	<u>-</u>
Total federal financial assistance			<u>\$ 3,347,086</u>	<u>72,185</u>

(1) Direct federal award

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

Notes to Schedule of Expenditures of Federal Awards

December 31, 2018

(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 program, 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 in-kind contributions 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, 2018, 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 April 22, 2019.

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) to determine the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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
April 22, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL 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

We have audited the Legal Assistance of Western New York, Inc.'s (LAWNY) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of LAWNY's major federal programs for the year ended December 31, 2018. LAWNY's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of LAWNY's major federal programs based on our audit of the types of compliance requirements referred to above. 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LAWNY's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of LAWNY's compliance.

Opinion on Each Major Federal Program

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, 2018.

Report on Internal Control Over Compliance

Management of LAWNY is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LAWNY's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LAWNY's 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 a type of compliance requirement 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 type of 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 type of 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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
April 22, 2019

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.
 Schedule of Findings and Questioned Costs
 Year ended December 31, 2018

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 not considered to be material weakness(es)? _____ 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 not considered to be material weakness(es)? _____ 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, CFDA 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, 2018

There were no audit findings with regard to the prior year financial statements (December 31, 2017).