

**LEGAL ASSISTANCE OF  
WESTERN NEW YORK, INC.**

**Financial Statements  
as of December 31, 2023  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

June 12, 2024

To the Board of Directors of  
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. (a New York not-for-profit corporation) (LAWNY), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of LAWNY as of December 31, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's 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.

#### ***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.

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## INDEPENDENT AUDITOR'S REPORT

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

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## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

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

The summarized comparative information has been derived from LAWNY's December 31, 2022 financial statements, which were audited by other auditors, whose report dated October 20, 2023, expressed an unmodified opinion on those financial statements.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information in Exhibit I and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and they are 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2024, 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.

## LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

### STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2023

(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 1,073,806	\$ 578,004
Client escrow funds	32,865	24,530
Receivables	3,619,146	3,940,905
Prepaid expenses	<u>96,268</u>	<u>128,886</u>
Total current assets	4,822,085	4,672,325
RIGHT-OF-USE ASSET - OPERATING LEASES	1,748,347	2,200,425
PROPERTY AND EQUIPMENT, net	<u>146,890</u>	<u>112,428</u>
	<u>\$ 6,717,322</u>	<u>\$ 6,985,178</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,889,026	\$ 1,587,384
Line of credit	-	300,000
Client escrow funds	32,865	24,530
Deferred grant revenue	223,517	109,515
Current portion of operating lease liability	<u>400,297</u>	<u>499,413</u>
Total current liabilities	2,545,705	2,520,842
OPERATING LEASE LIABILITY, net of current portion	<u>1,351,007</u>	<u>1,701,012</u>
Total liabilities	<u>3,896,712</u>	<u>4,221,854</u>
NET ASSETS:		
Without donor restrictions	2,820,610	1,362,176
With donor restrictions	<u>-</u>	<u>1,401,148</u>
Total net assets	<u>2,820,610</u>	<u>2,763,324</u>
Total liabilities and net assets	<u>\$ 6,717,322</u>	<u>\$ 6,985,178</u>

The accompanying notes are an integral part of these statements.

## LEGAL ASSISTANCE OF WESTERN NEW YORK, IN

### STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2023

(With Comparative Totals for 2022)

	Without	With Donor	Total	
	Donor Restrictions	Restrictions	2023	2022
Revenue and other support:				
Government and private grants	\$ 17,167,997	\$ -	\$ 17,167,997	\$ 13,683,893
Legal Services Corporation grants	2,527,358	-	2,527,358	2,292,815
Contributed nonfinancial assets	257,471	-	257,471	188,888
Attorney fees	41,329	-	41,329	24,353
Interest income	13,051	-	13,051	1,262
Other	136,098	-	136,098	89,337
Net assets released from restrictions	<u>1,401,148</u>	<u>(1,401,148)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>21,544,452</u>	<u>(1,401,148)</u>	<u>20,143,304</u>	<u>16,280,548</u>
Expenses:				
Program services	17,953,367	-	17,953,367	14,444,174
Management and general	<u>2,132,651</u>	<u>-</u>	<u>2,132,651</u>	<u>2,099,802</u>
Total expenses	20,086,018	-	20,086,018	16,543,976
Change in net assets	1,458,434	(1,401,148)	57,286	(263,428)
Net assets at beginning of year	<u>1,362,176</u>	<u>1,401,148</u>	<u>2,763,324</u>	<u>3,026,752</u>
			-	
Net assets at end of year	<u>\$ 2,820,610</u>	<u>\$ -</u>	<u>\$ 2,820,610</u>	<u>\$ 2,763,324</u>

The accompanying notes are an integral part of these statements.

## LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

(With Comparative Totals for 2022)

	Program Services	Management and General	Total	
			2023	2022
Personnel expenses:				
Lawyers	\$ 5,899,786	\$ 786,617	\$ 6,686,403	\$ 5,841,920
Paralegals	3,215,037	-	3,215,037	2,702,227
Other staff	1,224,274	623,260	1,847,534	1,594,273
Payroll taxes and employee benefits	<u>3,724,725</u>	<u>422,963</u>	<u>4,147,688</u>	<u>3,574,185</u>
Total personnel expenses	<u>14,063,822</u>	<u>1,832,840</u>	<u>15,896,662</u>	<u>13,712,605</u>
Other expenses:				
Contracted services	1,677,478	11,543	1,689,021	451,121
Occupancy	679,908	135,745	815,653	771,279
Contract services to clients	461,133	-	461,133	448,662
Donated services	257,471	-	257,471	188,888
Telephone and internet	142,201	27,739	169,940	157,606
Office supplies	114,528	37,989	152,517	215,846
Travel	92,358	4,959	97,317	51,803
Professional fees	86,328	-	86,328	17,554
Library	58,724	11,968	70,692	67,997
Insurance	54,582	14,342	68,924	81,486
Dues and fees	45,862	8,771	54,633	49,835
Depreciation	48,151	-	48,151	45,665
Equipment rental and maintenance	31,096	9,019	40,115	51,244
Training	9,222	14,327	23,549	81,403
Litigation	16,384	-	16,384	15,808
Other	<u>114,119</u>	<u>23,409</u>	<u>137,528</u>	<u>135,174</u>
Total other expenses	<u>3,889,545</u>	<u>299,811</u>	<u>4,189,356</u>	<u>2,831,371</u>
Total expenses	<u>\$ 17,953,367</u>	<u>\$ 2,132,651</u>	<u>\$ 20,086,018</u>	<u>\$ 16,543,976</u>

The accompanying notes are an integral part of these statements.

## LEGAL ASSISTANCE OF WESTERN NEW YORK

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023 (With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 57,286	\$ (263,428)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	48,151	45,665
Changes in:		
Receivables	321,759	(820,430)
Prepaid expenses	32,618	14,351
Accounts payable and accrued expenses	301,642	277,487
Deferred grant revenue	114,002	15,546
Operating leases	<u>2,957</u>	<u>-</u>
Net cash flow from operating activities	<u>878,415</u>	<u>(730,809)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	<u>(82,613)</u>	<u>-</u>
Net cash flow from investing activities	<u>(82,613)</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of (proceeds from) line of credit, net	<u>(300,000)</u>	<u>300,000</u>
Net cash flow from financing activities	<u>(300,000)</u>	<u>300,000</u>
CHANGE IN CASH	495,802	(430,809)
CASH - beginning of year	<u>578,004</u>	<u>1,008,813</u>
CASH - end of year	<u>\$ 1,073,806</u>	<u>\$ 578,004</u>

The accompanying notes are an integral part of these statements.



# LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

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### 1. THE CORPORATION

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.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Reporting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). LAWNY reports activities and the related net assets using the following net asset categories:

- **Without Donor Restrictions**

Net assets without donor restrictions include resources available for use without any donor-imposed restrictions.

- **With Donor Restrictions**

Net assets with donor restrictions include resources that have been donated to LAWNY subject to restrictions as defined by the donor. Donor restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements. During 2023, LAWNY released \$1,401,148 from restrictions upon satisfaction of the related donor requirements.

#### Change in Accounting Principle

Accounting Standards Codification (ASC) Topic 326 Financial Instruments – Credit Losses requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

Effective January 1, 2023, LAWNY adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost. Adoption did not have a material impact on the financial statements. Results for reporting periods beginning after January 1, 2023 are presented under CECL, while prior period amounts continue to be reported and disclosed in accordance with previously applicable accounting standards.

#### Cash

LAWNY maintains its cash in bank demand deposit accounts. The balances in these accounts may, at times, exceed federally insured limits. LAWNY has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Client Escrow Funds**

Client escrow funds consist of funds held in bank accounts by LAWNY on behalf of its clients which, at times, may exceed federally insured limits. LAWNY has not experienced any losses related to client escrow funds and believes it is not exposed to any significant credit risk with respect to these balances.

### **Grant Revenue, Receivables and Deferred Grant Revenue**

Grant revenue includes support received from Legal Services Corporation (LSC) and other governmental and private funders. LAWNY reports grant revenue as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as releases from restrictions. Grant revenue is recognized as the related costs are incurred. Amounts received in advance of incurring the related costs are reported as deferred revenue. Conditional grants, including promises to give, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Certain grants are subject to audit by the grantor. Any changes resulting from these audits are recognized in the year they become known.

LAWNY recognizes an expected allowance for credit losses that is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist, and receivables are evaluated individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. The estimated allowance for credit losses is based on historical, current and expected future conditions. The historical component is derived from a review of LAWNY's historical losses based on the aging of receivables. As of December 31, 2023 and 2022, LAWNY did not have an allowance for credit losses as all grants receivable were expected to be fully collectible.

### **Property and Equipment**

Property and equipment is recorded at cost. Property and equipment acquired with LSC funds (including leasehold improvements) is 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's policy is to capitalize all additions in excess of \$5,000 with a useful life greater than one year. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets (ranging from 5 to 40 years).

### **Contributed Nonfinancial Assets**

Contributed nonfinancial assets consist of donated legal services for clients and are reflected in the accompanying statements at their estimated fair value at the date of receipt.

Volunteers have donated significant amounts of time in support of LAWNY'S activities. The value of these services is not reflected in the accompanying financial statements as they do not meet the criteria for recognition under GAAP.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Leases**

LAWNY determines if an arrangement is a lease at inception. LAWNY reassesses the determination of whether an arrangement is a lease if the terms and conditions of the contract are changed. Right of use (ROU) assets represent LAWNY's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when LAWNY is reasonably certain to exercise these options.

For all underlying classes of assets, LAWNY has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that LAWNY is reasonably certain to exercise. LAWNY recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

For all classes of underlying assets, LAWNY elected to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable, and also elected to not separate the lease and non-lease components of a contract and to account for it as a single lease component.

In evaluating contracts to determine if they qualify as a lease, LAWNY considers factors such as if LAWNY obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

### **Expense Allocations**

The statement of functional expenses presents expenses by both functional and natural classification. Certain classifications of expenses are attributable to program and management and general functions and are allocated to the reported functional columns. These expenses include salaries and benefits which are allocated based on time and effort. All other expenses are charged based on direct usage.

### **Income Taxes**

LAWNY is exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. LAWNY has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

### **Comparative Information**

The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with LAWNY's financial statements as of and for the year ended December 31, 2022, from which the summarized information was derived.

### **Estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform with the current year presentation.

## 3. LIQUIDITY

LAWNY had financial assets available to meet cash needs for general expenditures in the subsequent year of the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,073,806	\$ 578,004
Receivables	<u>3,619,146</u>	<u>3,940,905</u>
	<u>\$ 4,692,952</u>	<u>\$ 4,518,909</u>

LAWNY is substantially supported by grants and is dependent upon receipt of its receivables and the continued maintenance of this funding. LAWNY maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

LAWNY had \$1,401,148 of net assets with donor restrictions at December 31, 2022; however, these net assets were restricted for specific programs of LAWNY and they were available for expenditure in the subsequent year. LAWNY did not have any restricted net assets at December 31, 2023.

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.

## 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Building and improvements	\$ 170,776	\$ 132,260
Furniture and equipment	255,993	254,453
Leasehold improvements	<u>317,609</u>	<u>278,332</u>
	744,378	665,045
Less: accumulated depreciation	<u>(597,488)</u>	<u>(552,616)</u>
	<u>\$ 146,890</u>	<u>\$ 112,429</u>

Property and equipment purchased with LSC funds consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	105,499	54,287
Less: accumulated depreciation	<u>(55,680)</u>	<u>(52,452)</u>
	<u>\$ 49,819</u>	<u>\$ 1,835</u>

## 5. LSC FUNDING

Grant funding received from LSC consisted of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Basic Field Grant	\$ 2,496,128	\$ 2,249,920
Technology Initiative Grant	<u>31,230</u>	<u>42,895</u>
	<u>\$ 2,527,358</u>	<u>\$ 2,292,815</u>

LSC grant funding is restricted, to be used only for purposes authorized under the Legal Services Corporation Act of 1974, as amended.

LAWNY, as a stipulation in its contract with LSC, may not carry forward unused LSC funds in excess of 10% of total LSC support to the following year. For the years ended December 31, 2023 and 2022, LSC funds carried over from the previous year did not exceed 10% of LSC support.

## 6. 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 (PAI) Program. For 2023, 12.5% of LSC's basic field award of \$2,496,128 amounted to \$312,016. In 2023, LAWNY expended \$432,798 for the PAI Program. A summary of PAI related expenditures for 2023 is as follows:

Personnel	\$ 327,815
Contract services to client	75,000
Contract services to program	6,973
Other	<u>23,010</u>
Total PAI related expenditures	<u>\$ 432,798</u>

LAWNY awarded \$75,000 of LSC funds to Volunteer Legal Services Project of Monroe County, Inc. (VLSP) which is reported above as contract services to client. VLSP has agreed to provide legal representation through volunteers to a minimum of 120 persons and brief assistance, consultation and advice to a minimum of 545 persons in Monroe County who meet financial and other eligibility criteria, as established by LSC.

## 7. LINE OF CREDIT

LAWNY has a \$750,000 line of credit with a bank bearing interest at the prime rate plus 1.5% (10.00% at December 31, 2023). At December 31, 2023 there were no outstanding balances on the line of credit.

## 8. OPERATING LEASES

LAWNY leases office space under operating leases that expire at various dates through September 2030. Options to renew are not included in the current lease terms since it is not reasonably certain that the renewal options will be exercised.

Future maturities under the terms of LAWNY's operating lease agreements are as follows for the years ending December 31:

2024	\$	437,407
2025		350,658
2026		292,495
2027		289,745
2028		189,795
Thereafter		<u>302,610</u>
Total lease payments		1,862,710
Less: present value discount		<u>(111,406)</u>
Total present value of lease liabilities		1,751,304
Less: current portion		<u>(400,297)</u>
Long-term portion of lease liabilities	\$	<u>1,351,007</u>

Lease cost consisted of the following for the years ended December 31:

Operating lease cost	\$	<u>2023</u> 594,382	\$	<u>2022</u> 602,545
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Cash paid on operating lease liabilities in 2023 and 2022 was approximately \$582,000 and \$409,000, respectively. LAWNY obtained right of use assets in exchange for lease obligations of approximately \$310,000 and \$2,609,000 in 2023 and 2022, respectively.

Other information related to operating leases is as follows as of December 31:

Weighted average remaining lease term:	<u>2023</u> 5.44 years	<u>2022</u> 3.51 years
Weighted average remaining discount rate:	<u>2023</u> 2.42%	<u>2022</u> 2.43%

## 9. CONCENTRATIONS

For the years ended December 31, 2023 and 2022, LSC, NYS Interest on Lawyer Account Fund (IOLA) and NYS Office of Court Administration (OCA) programs accounted for 46% and 53%, respectively, of LAWNY's total revenue.

**10. RETIREMENT PLAN**

LAWNY sponsors a defined contribution plan for substantially all employees that have achieved at least one year of service. Contributions to the plan are discretionary and are determined by the LAWNY Board of Directors. LAWNY made contributions of \$187,311 and \$155,383 to the plan during the years ended December 31, 2023 and 2022, respectively.

**11. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 12, 2024, which is the date the financial statements were available to be issued.

## LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS FOR LSC FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Basic Field <u>Grant</u>	Private Attorney <u>Involvement</u>	Technology Initiative <u>#20048 Grant</u>	Excess 2022 <u>Carryover</u>	<u>Property</u>	<u>Total</u>
REVENUE:						
LSC grants	\$ 2,012,117	\$ 432,798	\$ 31,231	\$ -	\$ 51,212	\$ 2,527,358
Attorney fees	1,861	-	-	-	-	1,861
Interest income	1,992	-	-	-	-	1,992
Total revenue:	<u>2,015,970</u>	<u>432,798</u>	<u>31,231</u>	<u>-</u>	<u>51,212</u>	<u>2,531,211</u>
EXPENSES:						
Personnel expenses:						
Lawyers	458,648	161,006	-	-	-	619,654
Paralegals	165,202	64,029	-	-	-	229,231
Other staff	272,349	21,170	2,302	-	-	295,821
Payroll taxes and employee benefits	613,612	81,610	752	-	-	695,974
Total personnel expenses:	<u>1,509,811</u>	<u>327,815</u>	<u>3,054</u>	<u>-</u>	<u>-</u>	<u>1,840,680</u>
Other expenses:						
Occupancy	204,897	5,514	82	-	-	210,493
Contract services	69,343	6,973	28,063	-	-	104,379
Contract services to clients	-	75,000	-	-	-	75,000
Office supplies	56,075	4,285	12	-	-	60,372
Telephone and internet	46,097	2,272	13	-	-	48,382
Library	31,311	1,811	2	-	-	33,124
Travel	23,803	4,647	-	-	-	28,450
Insurance	23,592	1,799	-	-	-	25,391
Training	12,003	1,942	5	-	-	13,950
Audit	12,479	149	-	-	-	12,628
Equipment rental and maintenance	12,294	10	-	-	-	12,304
Professional fees	6,371	534	-	-	-	6,905
Litigation	3,760	22	-	-	-	3,782
Depreciation	-	-	-	-	1,835	1,835
Other	4,134	25	-	-	-	4,159
Total other expenses	<u>506,159</u>	<u>104,983</u>	<u>28,177</u>	<u>-</u>	<u>1,835</u>	<u>641,154</u>
Total expenses	<u>2,015,970</u>	<u>432,798</u>	<u>31,231</u>	<u>-</u>	<u>1,835</u>	<u>2,481,834</u>
CHANGE IN NET ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,377</u>	<u>49,377</u>
NET ASSETS - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,835</u>	<u>1,835</u>
NET ASSETS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,212</u>	<u>\$ 51,212</u>

See accompanying notes to schedule of federal awards.



**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**

June 12, 2024

The Board of Directors of  
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, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 12, 2024.

**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.

**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***

(Continued)

**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.

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

June 12, 2024

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

**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 each of LAWNY's major federal programs for the year ended December 31, 2023. LAWNY's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, LAWNY complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

**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 Auditor's 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.

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

(Continued)

### **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.

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

***Report on Internal Control Over Compliance (Continued)***

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.

## LEGAL ASSISTANCE OF WESTERN NEW YORK, INC

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

<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	\$ 2,496,128	\$ 75,000
Technology Initiative Grant	9.233130	20048	<u>31,231</u>	<u>-</u>
Total Legal Services Corporation			2,527,359	75,000
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 following organizations and counties:				
Monroe County	93.044	Not available	140,841	-
Livingston County	93.044	Not available	25,000	-
Ontario County	93.044	Not available	38,296	-
Proaction of Steuben & Yates Counties	93.044	Not available	9,011	-
Seneca County	93.044	Not available	13,856	-
Wayne County	93.044	Not available	20,000	-
Tioga Opportunities, Inc.	93.044	Not available	1,849	-
Tompkins County	93.044	Not available	7,668	-
Chautauqua County	93.044	Not available	30,000	-
Steuben County	93.044	Not available	<u>17,238</u>	<u>-</u>
			303,759	-
Passed through NYS Department of Health - Children's Health Insurance Program further passed through NY Community Service Society NY				
	93.767	Not available	105,725	-
Passed through NYS Department of Health - Medical Assistance Program further passed through NY Community Service Society NY				
	93.778	Not available	<u>76,265</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>485,749</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
Fair Housing Initiative Program	14.408	FH700G13068	389,647	-
Education and Outreach Initiatives	14.416	FEOI210049	45,557	-
Private Enforcement Initiatives	14.418	FPE2I22036	187,827	-
Eviction Protection Grant Program	14.537	EP-21-NY-009	1,174,311	-
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	43,231	-

(Continued)

**LEGAL ASSISTANCE OF WESTERN NEW YORK, INC**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

<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>
Passed through the NYS Office of Temporary and Disability Assistance - Emergency Solutions Grant Program	14.231	C00545GG	259,561	-
Passed through the NYS Office of Temporary and Disability Assistance - Emergency Solutions Grant Program further passed through Finger Lakes Area Counseling and Recovery	14.231	Not available	<u>127,475</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>2,227,609</u>	<u>-</u>
U.S. Department of Agriculture:				
Passed through NYS Department of Health - State Administrative Matching Grant for the Supplemental Nutrition Assistance Program further passed through Hunger Solutions New York	10.561	Not available	<u>194,703</u>	<u>-</u>
U.S. Department of Justice:				
Passed through NYS Office of Victims Service - Crime Victim Assistance further passed through:				
Arbor Housing and Development	16.575	Not available	92,736	-
Cattaraugus Community Action	16.575	Not available	6,000	-
Chautauqua County	16.575	Not available	80,055	-
Empire Justice Center	16.575	Not available	68,764	-
Family Counseling of the Finger Lakes	16.575	Not available	80,055	-
Safe Harbors of the Finger Lakes	16.575	Not available	15,700	-
The Salvation Army Safehouse	16.575	Not available	<u>54,287</u>	<u>-</u>
			397,597	-
Legal Assistance for Victims	16.524	2012-WL-AX-0027	186,782	-
Passed through NYS Division of Criminal Justice Services - Violence Against Women Formula Grants	16.588	C00325GG	49,916	-
Passed through Office of Justice Programs - Crime Victim Assistance/Discretionary Grants further passed through Equal Justice Works	16.582	2020-OVC-EJP-010	<u>32,276</u>	<u>-</u>
Total U.S. Department of Justice			<u>666,571</u>	<u>-</u>
Corporation for National and Community Service:				
Passed through NYS Office of Children and Family Services - State Commissions	94.003	C027004	<u>203,304</u>	<u>-</u>
U.S Department of Treasury:				
Emergency Rental Assistance Program	21.023	Not available	<u>2,783,731</u>	<u>-</u>
			<u>\$ 9,089,026</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

## **LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2023**

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#### **1. GENERAL**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the award activity of Legal Assistance of Western New York, Inc. (LAWNY) under programs of the federal government for the year ended December 31, 2023, and has been prepared in accordance with accounting principles generally accepted in the United States. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of LAWNY, it is not intended to and does not present the financial position, changes in net assets or cash flows of LAWNY.

#### **2. BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **3. INDIRECT COSTS**

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



## **LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2023**

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#### **A. SUMMARY OF AUDITOR'S RESULTS**

1. The Independent Auditor's Report expresses an unmodified opinion on whether the financial statements of Legal Assistance of Western New York, Inc. (LAWNY) are presented in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies or material weaknesses related to the audit of the financial statements are reported in the Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of LAWNY, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The Independent Auditor's Report on Compliance for Each Major Program for the Organization's major federal award programs expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance.
7. The following program was tested as a major program:
  - Legal Services Corporation Basic Field Grant – ALN 9.233130
  - Eviction Prevention Program – ALN 14.537
  - Emergency Rental Assistance Program – ALN 21.023
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. LAWNY was determined to not be a low-risk auditee.

#### **B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None.

#### **C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.