

**N Y L P I**

**NEW YORK LAWYERS FOR THE PUBLIC INTEREST, INC.**

**Financial Statements**

**May 31, 2016 and 2015**

**With Independent Auditors' Report**

**New York Lawyers for the Public Interest, Inc.**  
**May 31, 2016 and 2015**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors,  
New York Lawyers for the Public Interest, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of New York Lawyers for the Public Interest, Inc., which comprise the statements of financial position as of May 31, 2016 and 2015, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 the entity'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 the entity'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 New York Lawyers for the Public Interest, Inc. as of May 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



September 21, 2016

**New York Lawyers for the Public Interest, Inc.**  
**Statements of Financial Position**  
**May 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 792,836	\$ 1,262,003
Investments	3,666,983	3,899,815
Government contracts receivable	378,905	360,783
Contributions receivable, net	853,821	748,480
Attorney fee awards receivable, net of allowance of \$54,351 and \$47,719 for 2016 and 2015, respectively	171,808	113,694
Prepaid expenses	<u>84,734</u>	<u>88,454</u>
Total current assets	5,949,087	6,473,229
Property and equipment		
Software	114,008	114,008
Furniture and fixtures	4,881	4,881
Office equipment	21,395	35,072
Leasehold improvements	<u>419,773</u>	<u>419,773</u>
	560,057	573,734
Less: Accumulated depreciation	<u>555,786</u>	<u>565,570</u>
Net property and equipment	4,271	8,164
Other assets		
Restricted investments - endowments	328,000	328,000
Contributions receivable, net of current portion	7,500	13,875
Security deposits	<u>38,509</u>	<u>38,509</u>
Total other assets	<u>374,009</u>	<u>380,384</u>
	<u>\$ 6,327,367</u>	<u>\$ 6,861,777</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 148,493	\$ 183,879
Subtenant security deposits	<u>21,650</u>	<u>20,201</u>
Total current liabilities	170,143	204,080
Deferred rent	<u>127,724</u>	<u>145,272</u>
Total liabilities	297,867	349,352
Net assets		
Unrestricted	2,140,023	2,181,884
Unrestricted - board designated reserve	<u>607,174</u>	<u>607,174</u>
Total unrestricted	2,747,197	2,789,058
Temporarily restricted	2,954,303	3,395,367
Permanently restricted	<u>328,000</u>	<u>328,000</u>
Total net assets	<u>6,029,500</u>	<u>6,512,425</u>
	<u>\$ 6,327,367</u>	<u>\$ 6,861,777</u>

The Notes to Financial Statements are an integral part of these statements.

**New York Lawyers for the Public Interest, Inc.**  
**Statement of Activities**  
**Year Ended May 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenues				
Public support				
Contributions - foundations	\$ 164,750	\$ 128,625	\$ --	\$ 293,375
Contributions - member organizations	681,000	--	--	681,000
Contributions - Partnership for Justice Campaign	--	4,000	--	4,000
Contributions - other	255,317	--	--	255,317
Contributions - in-kind	84,204	--	--	84,204
Government contract income	780,464	--	--	780,464
Special events, net of direct benefit to donors of \$262,550	1,645,995	--	--	1,645,995
	<u>3,611,730</u>	<u>132,625</u>	<u>--</u>	<u>3,744,355</u>
Revenues				
Court awarded attorney fees	197,796	--	--	197,796
Rental income	141,000	--	--	141,000
Investment loss	(109,740)	--	--	(109,740)
Miscellaneous	19,063	--	--	19,063
	<u>248,119</u>	<u>--</u>	<u>--</u>	<u>248,119</u>
	3,859,849	132,625	--	3,992,474
Net assets released due to satisfaction of purpose and time restrictions	573,689	(573,689)	--	--
	<u>4,433,538</u>	<u>(441,064)</u>	<u>--</u>	<u>3,992,474</u>
Expenses				
Program services				
Environmental Justice Program	670,223	--	--	670,223
Disability Justice Program	1,707,341	--	--	1,707,341
Pro Bono Clearinghouse	477,574	--	--	477,574
Health Justice Program	600,186	--	--	600,186
	<u>3,455,324</u>	<u>--</u>	<u>--</u>	<u>3,455,324</u>
Supporting services				
Management and general	578,389	--	--	578,389
Fundraising	354,035	--	--	354,035
Rental activity	87,651	--	--	87,651
	<u>1,020,075</u>	<u>--</u>	<u>--</u>	<u>1,020,075</u>
	<u>4,475,399</u>	<u>--</u>	<u>--</u>	<u>4,475,399</u>
Changes in net assets	(41,861)	(441,064)	--	(482,925)
Net assets, beginning of year	<u>2,789,058</u>	<u>3,395,367</u>	<u>328,000</u>	<u>6,512,425</u>
Net assets, end of year	<u>\$ 2,747,197</u>	<u>\$ 2,954,303</u>	<u>\$ 328,000</u>	<u>\$ 6,029,500</u>

The Notes to Financial Statements are an integral part of this statement.

**New York Lawyers for the Public Interest, Inc.**  
**Statement of Activities**  
**Year Ended May 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenues				
Public support				
Contributions - foundations	\$ 282,723	\$ 219,585	\$ --	\$ 502,308
Contributions - member organizations	670,095	--	--	670,095
Contributions - other	229,989	10,890	--	240,879
Contributions - in-kind	160,000	--	--	160,000
Government contract income	967,192	--	--	967,192
Special events, net direct benefit to donors of \$212,775	<u>1,409,478</u>	<u>--</u>	<u>--</u>	<u>1,409,478</u>
	3,719,477	230,475	--	3,949,952
Revenues				
Court awarded attorney fees	116,158	--	--	116,158
Rental income	125,917	--	--	125,917
Investment income	131,245	--	--	131,245
Miscellaneous	<u>1,589</u>	<u>--</u>	<u>--</u>	<u>1,589</u>
	<u>374,909</u>	<u>--</u>	<u>--</u>	<u>374,909</u>
	4,094,386	230,475	--	4,324,861
Net assets released due to satisfaction of purpose and time restrictions	<u>534,239</u>	<u>(534,239)</u>	<u>--</u>	<u>--</u>
	4,628,625	(303,764)	--	4,324,861
Expenses				
Program services				
Environmental Justice Program	743,202	--	--	743,202
Disability Justice Program	1,892,868	--	--	1,892,868
Pro Bono Clearinghouse	440,329	--	--	440,329
Health Justice Program	<u>460,049</u>	<u>--</u>	<u>--</u>	<u>460,049</u>
	3,536,448	--	--	3,536,448
Supporting services				
Management and general	666,421	--	--	666,421
Fundraising	616,222	--	--	616,222
Rental activity	<u>88,504</u>	<u>--</u>	<u>--</u>	<u>88,504</u>
	<u>1,371,147</u>	<u>--</u>	<u>--</u>	<u>1,371,147</u>
	<u>4,907,595</u>	<u>--</u>	<u>--</u>	<u>4,907,595</u>
Changes in net assets	(278,970)	(303,764)	--	(582,734)
Net assets, beginning of year	<u>3,068,028</u>	<u>3,699,131</u>	<u>328,000</u>	<u>7,095,159</u>
Net assets, end of year	<u>\$ 2,789,058</u>	<u>\$ 3,395,367</u>	<u>\$ 328,000</u>	<u>\$ 6,512,425</u>

The Notes to Financial Statements are an integral part of this statement.

**New York Lawyers for the Public Interest, Inc.**  
**Statements of Cash Flows**  
**Years Ended May 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ (482,925)	\$ (582,734)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Bad debt expense	22,151	30,500
Depreciation	3,893	5,260
Unrealized loss (gain) on investments	176,693	(60,484)
Allowance on contributions receivable	(142,567)	--
Allowance on attorney fee awards receivable	6,632	12,622
Change in assets and liabilities		
Government contracts receivable	(18,122)	236,916
Contributions receivable	21,450	(156,978)
Attorney fee awards receivable	(64,746)	242,085
Prepaid expenses	3,720	(9,962)
Accounts payable and accrued expenses	(35,386)	19,209
Subtenant security deposits	1,449	20,201
Deferred income	--	(21,378)
Deferred rent	(17,548)	(8,958)
Net cash used by operating activities	<u>(525,306)</u>	<u>(273,701)</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(349,343)	(922,551)
Sales of investments	<u>405,482</u>	<u>538,921</u>
Net cash provided (used) by investing activities	<u>56,139</u>	<u>(383,630)</u>
Net decrease in cash and cash equivalents	(469,167)	(657,331)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>1,262,003</u>	<u>1,919,334</u>
End of year	<u>\$ 792,836</u>	<u>\$ 1,262,003</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<u>\$ --</u>	<u>\$ --</u>
Taxes paid	<u>\$ --</u>	<u>\$ --</u>

**New York Lawyers for the Public Interest, Inc.**  
**Statement of Functional Expenses**  
**Year Ended May 31, 2016**

	Program Services					Supporting Services				Grand Total
	Environmental Justice Program	Disability Justice Program	Pro Bono Clearing-house	Health Justice Program	Total	Management and General	Fundraising	Rental Activity	Total	
Salaries	\$ 392,347	\$ 967,202	\$ 265,599	\$ 364,627	\$ 1,989,775	\$ 240,887	\$ 191,465	\$ --	\$ 432,352	\$ 2,422,127
Employee benefits and payroll taxes	135,517	368,738	99,303	108,331	711,889	105,449	61,338	--	166,787	878,676
Accounting	--	--	--	--	--	87,996	--	--	87,996	87,996
Audit	--	--	--	--	--	22,100	--	--	22,100	22,100
Consultants	21,888	65,089	19,859	24,325	131,161	11,639	10,203	--	21,842	153,003
Depreciation	685	1,569	385	556	3,195	374	324	--	698	3,893
Equipment rentals	4,185	9,527	2,352	3,374	19,438	2,281	1,936	--	4,217	23,655
Insurance	4,656	10,732	2,657	3,819	21,864	2,565	2,210	--	4,775	26,639
Library	2,480	7,235	1,385	2,265	13,365	15	15	--	30	13,395
Donated legal services	--	12,380	--	--	12,380	55,024	--	--	55,024	67,404
Postage and messenger	870	2,090	687	922	4,569	458	3,403	--	3,861	8,430
Occupancy	64,204	159,226	35,928	50,951	310,309	26,183	22,559	79,252	127,994	438,303
Repairs and maintenance	6,458	15,704	3,636	5,085	30,883	2,938	2,518	6,461	11,917	42,800
Stationery and office expense	2,417	5,316	1,262	1,759	10,754	1,039	1,055	811	2,905	13,659
Telephone	4,832	8,757	1,955	3,703	19,247	2,321	1,583	--	3,904	23,151
Temporary office staff	1,972	4,517	1,108	1,600	9,197	1,077	18,035	--	19,112	28,309
Travel, meetings, and conferences	1,161	4,807	1,518	2,086	9,572	581	422	--	1,003	10,575
Printing and duplication	423	968	14,217	358	15,966	231	4,306	--	4,537	20,503
Technology	9,267	22,564	5,227	7,471	44,529	4,589	15,714	--	20,303	64,832
Dues and contributions	2,053	4,277	1,923	1,965	10,218	1,093	1,364	--	2,457	12,675
Bad debt expense	3,899	8,929	2,191	3,163	18,182	2,126	1,843	--	3,969	22,151
Other	8,971	21,715	5,308	8,185	44,179	507	4,146	1,127	5,780	49,959
Professional development	1,938	5,999	2,674	5,641	16,252	6,916	1,196	--	8,112	24,364
In-kind advertising	--	--	8,400	--	8,400	--	8,400	--	8,400	16,800
	<u>\$ 670,223</u>	<u>\$ 1,707,341</u>	<u>\$ 477,574</u>	<u>\$ 600,186</u>	<u>\$ 3,455,324</u>	<u>\$ 578,389</u>	<u>\$ 354,035</u>	<u>\$ 87,651</u>	<u>\$ 1,020,075</u>	<u>\$ 4,475,399</u>

The Notes to Financial Statements are an integral part of this statement.



**New York Lawyers for the Public Interest, Inc.**  
**Statement of Functional Expenses**  
**Year Ended May 31, 2015**

	Program Services					Supporting Services				Grand Total
	Environmental Justice Program	Disability Justice Program	Pro Bono Clearing-house	Health Justice Program	Total	Management and General	Fundraising	Rental Activity	Total	
Salaries	\$ 431,459	\$ 1,085,063	\$ 237,906	\$ 261,305	\$ 2,015,733	\$ 251,370	\$ 346,172	\$ --	\$ 597,542	\$ 2,613,275
Employee benefits and payroll taxes	157,469	404,838	82,461	88,639	733,407	107,874	117,183	--	225,057	958,464
Accounting	--	--	--	--	--	87,996	--	--	87,996	87,996
Audit	--	--	--	--	--	19,500	--	--	19,500	19,500
Consultants	44,637	88,830	16,662	24,963	175,092	9,957	16,878	--	26,835	201,927
Depreciation	841	2,293	509	500	4,143	426	691	--	1,117	5,260
Equipment rentals	3,615	9,962	2,116	2,737	18,430	1,927	3,004	--	4,931	23,361
Insurance	4,790	13,330	2,718	4,323	25,161	52	85	--	137	25,298
Library	920	6,220	466	477	8,083	--	--	--	--	8,083
Donated legal services	--	--	--	--	--	106,815	--	3,185	110,000	110,000
Postage and messenger	1,012	3,134	2,106	741	6,993	702	5,128	--	5,830	12,823
Occupancy	55,169	153,019	32,342	43,326	283,856	26,038	47,674	75,582	149,294	433,150
Repairs and maintenance	4,412	12,249	2,586	3,496	22,743	2,138	3,849	8,621	14,608	37,351
Stationery and office expense	2,626	7,002	1,642	2,173	13,443	1,419	2,308	1,071	4,798	18,241
Telephone	5,449	11,339	1,906	2,966	21,660	2,636	2,653	45	5,334	26,994
Temporary office staff	2,804	14,356	1,651	2,045	20,856	1,482	21,848	--	23,330	44,186
Travel, meetings, and conferences	1,120	5,423	3,459	672	10,674	461	862	--	1,323	11,997
Printing and duplication	2,683	3,190	5,543	634	12,050	486	5,325	--	5,811	17,861
Technology	11,466	31,520	6,760	8,350	58,096	4,807	8,999	--	13,806	71,902
Dues and contributions	941	4,708	1,592	1,620	8,861	935	510	--	1,445	10,306
Bad debt expense	--	--	--	--	--	30,500	--	--	30,500	30,500
Other	6,778	23,095	6,125	6,365	42,363	6,840	4,152	--	10,992	53,355
Professional development	5,011	13,297	6,779	4,717	29,804	2,060	3,901	--	5,961	35,765
In-kind advertising	--	--	25,000	--	25,000	--	25,000	--	25,000	50,000
	<u>\$ 743,202</u>	<u>\$ 1,892,868</u>	<u>\$ 440,329</u>	<u>\$ 460,049</u>	<u>\$ 3,536,448</u>	<u>\$ 666,421</u>	<u>\$ 616,222</u>	<u>\$ 88,504</u>	<u>\$ 1,371,147</u>	<u>\$ 4,907,595</u>

The Notes to Financial Statements are an integral part of this statement.

**New York Lawyers for the Public Interest, Inc.**  
**Notes to Financial Statements**  
**May 31, 2016 and 2015**

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**1. ORGANIZATION AND PURPOSE**

**Our Mission**

New York Lawyers for the Public Interest, Inc. (“NYLPI” or the “Organization”) is a New York nonprofit, civil rights law firm. Our mission is to advance equality and civil rights, with a focus on health justice, disability rights and environmental justice, through the power of community lawyering and partnerships with the private bar.

**Our Approach**

Through community lawyering, NYLPI puts its legal, policy and community organizing expertise at the service of New York City communities and individuals. NYLPI’s partnership with the private bar strengthens its advocacy and connects community groups and non-profits with critical legal assistance.

The *Pro Bono Clearinghouse* strengthens communities by providing innovative and effective nonprofit organizations with free legal services, drawing on volunteer lawyers from New York’s most prestigious law firms and corporate law departments. It helps nonprofits and community groups thrive by providing resources that help organizations overcome legal obstacles, build capacity, and develop stronger and more effective programs.

The *Disability Justice Program* works to advance civil rights and ensure equality of opportunity, self-determination, and independence for people with disabilities.

The *Health Justice Program* works to ensure access to quality health care for people in medically underserved communities or facing barriers due to limited English proficiency, racial and ethnic discrimination, or disability.

The *Environmental Justice Program* provides organizing and legal assistance to low-income neighborhoods and communities of color that bear an unfair burden of environmental threats.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Standards for external financial reporting by not-for-profit organizations require that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. For the years ended May 31, 2016 and 2015, NYLPI had accounting transactions in the unrestricted, temporarily restricted and permanently restricted net asset categories. The unrestricted net asset category represents net assets that are not subject to donor imposed restrictions, the temporarily restricted net asset category represents net assets that are subject to time or purpose donor imposed restrictions and the permanently restricted net asset category represents net assets that are subject to donor imposed restrictions that neither expire by passage of time nor can be fulfilled by actions of NYLPI.

**Revenue and Support Recognition**

Contributions are recognized as revenue when they are received or unconditionally pledged and recorded as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

NYLPI accounts for those contract revenues which have been determined to be exchange transactions in the statements of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance.

**New York Lawyers for the Public Interest, Inc.**  
**Notes to Financial Statements**  
**May 31, 2016 and 2015**

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Unrestricted revenues are obtained through member law firm, foundation, corporation and general public contributions. These revenues are used to provide program services as well as to offset general and administrative expenses.

Court awarded attorney fees are recorded as revenue based upon the execution of a stipulation or court order awarding the fees or based upon the entitlement to fees for work performed monitoring court ordered injunctions.

Donated services from volunteers, member law firms and corporate law departments are received (a) to support programs and (b) to support operations. Donated services received to support program related services (Pro Bono Clearinghouse matters and pro bono co-counseling) are not recorded as contribution revenue because they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America. However, donated services from member law firms to support operations (such as pro bono governance and employment advice) are recorded as contributions in these financial statements along with a corresponding expense. The value of these services is \$67,404 and \$110,000 for the years ended May 31, 2016 and 2015, respectively.

In addition, donated advertising of \$16,800 and \$50,000 are included as contributions in the financial statements with a corresponding expense for the years ended May 31, 2016 and 2015, respectively.

**Allocation of Expenses**

Direct expenses are charged to program and supporting services based on specific identification. Indirect expenses have been allocated primarily based on full time equivalents and other methods.

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of cash in banks, certificates of deposit with a maturity of three months or less at the date of acquisition, and money market accounts.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at market value in the statements of financial position. The fair values for equity securities and debt securities are based on quoted market prices.

Gains and losses on dispositions of investments are accounted for on the specific identification basis. Net realized and unrealized gains and losses are included in the statements of activities.

**Use of Accounting Estimates**

The preparation of financial statements in conformity 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.

**Property and Equipment**

The principal rates for computing depreciation and amortization by major asset categories are as follows:

<b>Description</b>	<b>Estimated Useful Lives (Years)</b>
Furniture and fixtures	5
Office equipment	5
Leasehold improvements	10 - 20
Software	5

Depreciation expense amounted to \$3,893 and \$5,260 in 2016 and 2015, respectively.

**New York Lawyers for the Public Interest, Inc.**  
**Notes to Financial Statements**  
**May 31, 2016 and 2015**

**Fair Value of Financial Instruments**

The carrying amounts of financial instruments including cash, government contracts, attorney fee awards and contributions receivable, accounts payable and short-term debt approximate their fair values because of the relatively short maturity of these instruments.

**Fair Value Accounting**

NYLPI has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of May 31, along with the basis for the determination of fair value:

	2016			2015		
	Total	Observable Criteria		Total	Observable Criteria	
		(Level 1)	(Level 2)		(Level 1)	(Level 2)
Cash	\$ 59,552	\$ 59,552	\$ --	\$ 22,258	\$ 22,258	\$ --
Stocks						
Basic materials	33,158	33,158	--	32,008	32,008	--
Consumer cyclical	63,443	63,443	--	73,195	73,195	--
Financial services	143,444	143,444	--	159,508	159,508	--
Real estate	23,122	23,122	--	21,625	21,625	--
Consumer defensive	57,785	57,785	--	59,966	59,966	--
Healthcare	87,371	87,371	--	82,168	82,168	--
Utilities	41,427	41,427	--	33,760	33,760	--
Communication services	28,720	28,720	--	28,628	28,628	--
Energy	67,934	67,934	--	72,488	72,488	--
Industrials	94,155	94,155	--	104,123	104,123	--
Technology	77,855	77,855	--	71,343	71,343	--
Fixed income						
Certificates of deposit	588,733	--	588,733	625,156	--	625,156
Mutual funds						
Foreign large blend	257,319	257,319	--	295,334	295,334	--
Intermediate-term bond	288,532	288,532	--	303,121	303,121	--
Large growth	478,959	478,959	--	488,719	488,719	--
Mid-cap blend	333,606	333,606	--	355,360	355,360	--
Emerging markets bond	184,907	184,907	--	--	--	--
Short term bond	424,643	424,643	--	304,901	304,901	--
Multisector bond	473,837	473,837	--	538,735	538,735	--
Other	186,481	186,481	--	555,419	555,419	--
	<u>\$ 3,994,983</u>	<u>\$ 3,406,250</u>	<u>\$ 588,733</u>	<u>\$ 4,227,815</u>	<u>\$ 3,602,659</u>	<u>\$ 625,156</u>

For applicable assets (liabilities), the Organization will value such assets (liabilities) using quoted market prices in active markets (Level 1) for identical assets (liabilities) to the extent possible. To the extent possible that such markets are not available, the Organization will next attempt to value such assets (liabilities) using observable measurement criteria (Level 2), including quoted market prices of similar assets (liabilities) in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Organization will develop measurement criteria based on the best information available (Level 3).

**Income Taxes**

NYLPI is exempt from Federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code and from New York State income taxes under applicable state law. Accordingly, no provision for Federal or state income taxes has been recorded in the statements of activities. It is the Organization's accounting policy to evaluate uncertain tax positions in accordance with the accounting pronouncement on uncertainty in income taxes. Management has determined that there are no uncertain tax positions at the Organization. NYLPI did not record any income tax related penalties or interest for the periods presented.

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**Valuation of Long-Lived Assets**

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

**Concentration of Credit Risk**

Financial instruments which potentially subject NYLPI to concentrations of credit risk consist of cash and cash equivalents at various quality financial institutions. During the years ended May 31, 2016 and 2015, NYLPI had interest bearing cash and cash equivalents in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. NYLPI has not experienced any losses in such accounts and believes such balances are not exposed to any significant risk.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications had no effect on net assets or the change in net assets.

**3. CONTRIBUTIONS RECEIVABLE**

Contributions receivable for unconditional promises to give at May 31, are as follows:

	<b>2016</b>	<b>2015</b>
Annual Law Firm Campaign	\$ 265,000	\$ 260,750
Special Events Pledges	356,670	136,234
Board Member Pledges	69,250	72,000
Foundations	116,666	154,333
Other	4,340	14,393
Partnering for Justice Campaign Pledges	<u>145,751</u>	<u>351,568</u>
	957,677	989,278
Allowance for uncollectible pledges	<u>(96,356)</u>	<u>(226,923)</u>
Pledges receivable, net	861,321	762,355
Receivable less than one year	<u>853,821</u>	<u>748,480</u>
Receivable in one to five years	<u>\$ 7,500</u>	<u>\$ 13,875</u>

**4. INVESTMENTS**

Investments at May 31 are as follows

	<b>2016</b>		<b>2015</b>	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Cash	\$ 59,552	\$ 59,552	\$ 22,258	\$ 22,258
Stocks	718,414	624,400	738,812	631,526
Fixed income	588,733	588,733	625,156	625,156
Mutual funds	<u>2,628,284</u>	<u>2,496,045</u>	<u>2,841,589</u>	<u>2,583,677</u>
	<u>\$ 3,994,983</u>	<u>\$ 3,768,730</u>	<u>\$ 4,227,815</u>	<u>\$ 3,862,617</u>

Investment (loss)/income was comprised of the following:

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	2016	2015
Interest and dividend income	\$ 97,391	\$ 104,036
Net realized and unrealized (losses) gains	(176,693)	60,484
Investment fees	(30,438)	(33,275)
	<u>\$ (109,740)</u>	<u>\$ 131,245</u>

**5. LINE OF CREDIT**

NYLPI has an available credit line agreement with TD Bank, N.A in the amount of \$500,000, collateralized by the assets of the Organization, expiring March 15, 2017. Interest charged on the outstanding line of credit is the higher of the *Wall Street Journal* Prime Rate or 3.25 percent. No amounts were outstanding as of May 31, 2016 and 2015.

**6. EMPLOYEE BENEFIT PLANS**

NYLPI maintains an Internal Revenue Code section 403(b) tax shelter annuity plan. NYLPI contributes an amount equal to 5 percent of employees' salary on an annual basis to the plan for employees with more than one year of service to NYLPI. In addition, NYLPI will match employee contributions up to an additional 2.5 percent of employees' salary on an annual basis. Employee contributions are made to the plan.

Pension plan expense included in employee benefits and payroll taxes for the years ended May 31, 2016 and 2015 amounted to \$139,057 and \$173,739, respectively. NYLPI's policy is to fund pension plan expense currently.

**7. NET ASSETS**

Components of net assets at May 31, were as follows:

	2016	2015
Unrestricted		
General operations	\$ 2,140,023	\$ 2,181,884
Board designated reserve	607,174	607,174
	<u>\$ 2,747,197</u>	<u>\$ 2,789,058</u>
Temporarily restricted		
Taconic fund	\$ 2,485,120	\$ 2,685,120
Rothenberg fund	51,271	143,896
Capital campaign	71,394	134,645
Litigation fund	108,601	122,247
Pro bono clearinghouse	--	71,792
Environmental justice	103,750	150,000
Other	100,833	18,000
Time restriction	33,334	69,667
	<u>\$ 2,954,303</u>	<u>\$ 3,395,367</u>
Permanently restricted		
Disadvantaged law student scholarships	\$ 78,000	\$ 78,000
Felix Fishman Award	250,000	250,000
	<u>\$ 328,000</u>	<u>\$ 328,000</u>

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**8. LEASE COMMITMENTS**

NYLPI rents office and program space under two non-cancelable operating leases expiring in October 2019. The leases cover original space and additional space at the same location in New York City. NYLPI's rent expense pursuant to the operating leases was \$406,154 and \$401,269 for the years ended May 31, 2016 and 2015, respectively.

Subleasing of a portion of the additional space under short-term leases generated rental income of \$141,000 and \$125,917 for the years ended May 31, 2016 and 2015, respectively.

NYLPI's future minimum payments are as follows:

<b>Years Ended May 31,</b>	<b>Amount</b>
2017	\$ 408,132
2018	417,281
2019	426,706
2020	<u>179,440</u>
	<u>\$ 1,431,559</u>

**9. ENDOWMENTS**

The Organization adopted *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosure for All Endowment Funds*. This publication provides guidance on the net asset classification of *donor-restricted endowment funds* for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation. This pronouncement also improves disclosures about an organization's *endowment funds* (both *donor-restricted endowment funds* and *board-designated endowment funds*), whether or not the organization is subject to UPMIFA.

The Organization's endowments consist of the Disadvantaged law student scholarship fund and the Felix Fishman Award endowment funds in which the principal is invested in perpetuity and the income is expendable to support the designated purpose; operations from the Disadvantaged law student scholarship fund and the Felix Fishman Award. As required by Generally Accepted Accounting Principles, net assets associated with endowment funds, including funds designated by the Organization to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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Interpretation

The Organization follows the New York State Not-For-Profit Corporation Law (“N-PCL”) when dealing with donor-restricted contributions. The law preserves the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Currently there are no gifts that require the accumulation of earnings as additions to the permanent endowments. The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as unrestricted or temporarily restricted net assets based on donor stipulations.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Investment policy

The Organization shall be responsible for maintaining a policy of prudent investment in stocks, bonds, real estate, mutual funds, non-marketable securities such as private placements and limited partnerships, and other similar financial and trust instruments or interests. The Organization shall make the decisions leading to the timely purchase or sale of securities, interests, or instruments and shall make analyses of the market conditions as will, in the Organization’s judgment, provide for both short-term and long-term investment strategies. Investments may be made on behalf of the Organization by independent investment managers selected by the Organization and regularly reviewed for performance.

Spending policy

The Organization can spend all investment earnings on invested funds for the restricted purposes associated with the endowment.

Endowment net asset composition by type of fund as of May 31, 2016 is as follows:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Donor-restricted endowment funds	\$ <u>          --</u>	\$ <u>  328,000</u>

Changes in endowment net assets as of May 31, 2016 and 2015 are as follows:



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	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Endowment net assets, June 1, 2014	\$ 5,850	\$ 328,000
Investment return	6,280	--
Appreciation	4,610	--
Amounts appropriated for expenditure	<u>(5,850)</u>	<u>--</u>
Endowment net assets, June 1, 2015	10,890	328,000
Contributions	--	--
Investment return	5,539	--
Unrealized loss	(15,406)	--
Amounts appropriated for expenditure	<u>(1,023)</u>	<u>--</u>
Endowment net assets, May 31, 2016	<u>\$ --</u>	<u>\$ 328,000</u>

**10. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of September 21, 2016 which is the date the financial statements were available to be issued. Based upon this evaluation, NYLPI has determined that no subsequent events have occurred, which require disclosure in or adjustment to the financial statements.