

**N Y L P I**

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

**Financial Statements**

**May 31, 2017 and 2016**

**With Independent Auditors' Report**

**New York Lawyers for the Public Interest, Inc.**  
**May 31, 2017 and 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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.



October 16, 2017

**New York Lawyers for the Public Interest, Inc.**  
**Statements of Financial Position**  
**May 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 589,728	\$ 792,836
Investments operating certificates of deposit	940,045	--
Investments other	3,600,082	3,666,983
Government contracts receivable	284,439	378,905
Contributions receivable, net	957,039	853,821
Attorney fee awards receivable, net of allowance of \$34,624 and \$54,351 for 2017 and 2016, respectively	154,988	171,808
Prepaid expenses	<u>46,160</u>	<u>84,734</u>
Total current assets	6,572,481	5,949,087
Property and equipment		
Software	114,008	114,008
Furniture and fixtures	4,881	4,881
Office equipment	25,779	21,395
Leasehold improvements	<u>419,773</u>	<u>419,773</u>
	564,441	560,057
Less: Accumulated depreciation	<u>558,325</u>	<u>555,786</u>
Net property and equipment	6,116	4,271
Other assets		
Restricted investments - endowments	328,000	328,000
Contributions receivable, net of current portion	1,000	7,500
Security deposits	<u>38,509</u>	<u>38,509</u>
Total other assets	<u>367,509</u>	<u>374,009</u>
Total assets	<u>\$ 6,946,106</u>	<u>\$ 6,327,367</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 176,412	\$ 148,493
Subtenant security deposits	21,650	21,650
Deferred income	<u>40,096</u>	<u>--</u>
Total current liabilities	238,158	170,143
Deferred rent	<u>101,195</u>	<u>127,724</u>
Total liabilities	339,353	297,867
Net assets		
Unrestricted	2,627,941	2,140,023
Unrestricted - board designated reserve	<u>607,174</u>	<u>607,174</u>
Total unrestricted	3,235,115	2,747,197
Temporarily restricted	3,043,638	2,954,303
Permanently restricted	<u>328,000</u>	<u>328,000</u>
Total net assets	<u>6,606,753</u>	<u>6,029,500</u>
Total liabilities and net assets	<u>\$ 6,946,106</u>	<u>\$ 6,327,367</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, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenues				
Public support				
Contributions - foundations	\$ 351,875	\$ 509,177	\$ --	\$ 861,052
Contributions - member organizations	633,500	--	--	633,500
Contributions - other	347,057	--	--	347,057
Contributions - in-kind	94,594	--	--	94,594
Government contract income	915,710	--	--	915,710
Special events, net of direct benefit to donors of \$261,870	<u>1,583,231</u>	<u>--</u>	<u>--</u>	<u>1,583,231</u>
	<u>3,925,967</u>	<u>509,177</u>	<u>--</u>	<u>4,435,144</u>
Revenues				
Court awarded attorney fees	405,674	29,119	--	434,793
Rental income	141,575	--	--	141,575
Investment income	339,031	34,036	--	373,067
Miscellaneous	<u>15,089</u>	<u>--</u>	<u>--</u>	<u>15,089</u>
	<u>901,369</u>	<u>63,155</u>	<u>--</u>	<u>964,524</u>
	4,827,336	572,332	--	5,399,668
Net assets released due to satisfaction of purpose and time restrictions	<u>482,997</u>	<u>(482,997)</u>	<u>--</u>	<u>--</u>
	5,310,333	89,335	--	5,399,668
Expenses				
Program services				
Environmental Justice Program	944,728	--	--	944,728
Disability Justice Program	1,511,475	--	--	1,511,475
Pro Bono Clearinghouse	484,828	--	--	484,828
Health Justice Program	<u>780,543</u>	<u>--</u>	<u>--</u>	<u>780,543</u>
	<u>3,721,574</u>	<u>--</u>	<u>--</u>	<u>3,721,574</u>
Supporting services				
Management and general	659,826	--	--	659,826
Fundraising	370,756	--	--	370,756
Rental activity	<u>70,259</u>	<u>--</u>	<u>--</u>	<u>70,259</u>
	<u>1,100,841</u>	<u>--</u>	<u>--</u>	<u>1,100,841</u>
	<u>4,822,415</u>	<u>--</u>	<u>--</u>	<u>4,822,415</u>
Changes in net assets	487,918	89,335	--	577,253
Net assets, beginning of year	<u>2,747,197</u>	<u>2,954,303</u>	<u>328,000</u>	<u>6,029,500</u>
Net assets, end of year	<u>\$ 3,235,115</u>	<u>\$ 3,043,638</u>	<u>\$ 328,000</u>	<u>\$ 6,606,753</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, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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 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>
	<u>3,859,849</u>	<u>132,625</u>	<u>--</u>	<u>3,992,474</u>
Net assets released due to satisfaction of purpose and time restrictions	<u>573,689</u>	<u>(573,689)</u>	<u>--</u>	<u>--</u>
	<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.**  
**Statements of Cash Flows**  
**Years Ended May 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 577,253	\$ (482,925)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Bad debt expense	23,518	22,151
Depreciation	2,539	3,893
Unrealized (gain) loss on investments	(313,138)	176,693
Allowance on contributions receivable	--	(142,567)
Allowance on attorney fee awards receivable	(19,727)	6,632
Change in assets and liabilities		
Government contracts receivable	94,466	(18,122)
Contributions receivable	(120,236)	21,450
Attorney fee awards receivable	36,547	(64,746)
Prepaid expenses	38,574	3,720
Accounts payable and accrued expenses	27,919	(35,386)
Subtenant security deposits	--	1,449
Deferred income	40,096	--
Deferred rent	(26,529)	(17,548)
Net cash provided (used) by operating activities	<u>361,282</u>	<u>(525,306)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(4,384)	--
Purchase of investments	(710,006)	(349,343)
Sales of investments	150,000	405,482
Net cash (used) provided by investing activities	<u>(564,390)</u>	<u>56,139</u>
Net decrease in cash and cash equivalents	(203,108)	(469,167)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>792,836</u>	<u>1,262,003</u>
End of year	<u>\$ 589,728</u>	<u>\$ 792,836</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, 2017**

	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	\$ 567,188	\$ 877,540	\$ 272,969	\$ 458,921	\$ 2,176,618	\$ 256,009	\$ 234,630	\$ --	\$ 490,639	\$ 2,667,257
Employee benefits and payroll taxes	207,637	301,425	112,407	186,276	807,745	108,538	73,393	--	181,931	989,676
Accounting	--	--	--	--	--	87,996	--	--	87,996	87,996
Audit	--	--	--	--	--	22,900	--	--	22,900	22,900
Consultants	26,038	55,741	13,683	23,063	118,525	7,303	8,205	--	15,508	134,033
Depreciation	561	900	285	379	2,125	229	185	--	414	2,539
Equipment rentals	4,344	6,606	2,197	3,014	16,161	5,366	1,135	--	6,501	22,662
Insurance	5,618	8,680	2,850	3,788	20,936	2,313	1,851	--	4,164	25,100
Library	4,284	6,645	1,947	2,708	15,584	12	9	--	21	15,605
Donated legal services	--	--	--	--	--	94,594	--	--	94,594	94,594
Postage and messenger	853	3,470	441	1,083	5,847	706	2,915	--	3,621	9,468
Occupancy	72,308	161,378	39,568	57,538	330,792	31,478	19,452	65,778	116,708	447,500
Repairs and maintenance	8,136	15,946	4,327	6,088	34,497	3,485	2,398	4,211	10,094	44,591
Stationery and office expense	3,664	5,999	1,753	2,567	13,983	1,365	1,086	270	2,721	16,704
Telephone	5,860	8,573	2,757	4,324	21,514	2,186	1,434	--	3,620	25,134
Temporary office staff	1,904	2,936	961	1,293	7,094	742	557	--	1,299	8,393
Travel, meetings, and conferences	1,424	2,497	2,392	2,380	8,693	431	293	--	724	9,417
Printing and duplication	1,320	2,124	6,738	1,710	11,892	536	7,640	--	8,176	20,068
Technology	15,065	21,751	7,469	10,244	54,529	5,880	11,678	--	17,558	72,087
Dues and contributions	2,749	3,063	1,222	2,628	9,662	1,827	264	--	2,091	11,753
Bad debt expense	--	--	--	--	--	23,518	--	--	23,518	23,518
Other	12,375	23,834	7,576	9,809	53,594	1,963	1,146	--	3,109	56,703
Professional development	3,400	2,367	3,286	2,730	11,783	449	2,485	--	2,934	14,717
	<u>\$ 944,728</u>	<u>\$ 1,511,475</u>	<u>\$ 484,828</u>	<u>\$ 780,543</u>	<u>\$ 3,721,574</u>	<u>\$ 659,826</u>	<u>\$ 370,756</u>	<u>\$ 70,259</u>	<u>\$ 1,100,841</u>	<u>\$ 4,822,415</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, 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.**  
**Notes to Financial Statements**  
**May 31, 2017 and 2016**

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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, 2017 and 2016, 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, 2017 and 2016**

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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 \$94,594 and \$67,404 for the years ended May 31, 2017 and 2016, respectively.

In addition, donated advertising of \$0- and \$16,800 are included as contributions in the financial statements with a corresponding expense for the years ended May 31, 2017 and 2016, 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 \$2,539 and \$3,893 in 2017 and 2016, respectively.

**New York Lawyers for the Public Interest, Inc.**  
**Notes to Financial Statements**  
**May 31, 2017 and 2016**

**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:

	2017			2016		
	Total	Observable Criteria		Total	Observable Criteria	
		(Level 1)	(Level 2)		(Level 1)	(Level 2)
Cash	\$ 149,784	\$ 149,784	\$ --	\$ 59,552	\$ 59,552	\$ --
Stocks						
Basic materials	38,048	38,048	--	33,158	33,158	--
Consumer cyclical	64,653	64,653	--	63,443	63,443	--
Financial services	161,534	161,534	--	143,444	143,444	--
Real estate	90,614	90,614	--	23,122	23,122	--
Consumer defensive	56,142	56,142	--	57,785	57,785	--
Healthcare	100,615	100,615	--	87,371	87,371	--
Utilities	38,464	38,464	--	41,427	41,427	--
Communication services	24,023	24,023	--	28,720	28,720	--
Energy	50,377	50,377	--	67,934	67,934	--
Industrials	106,739	106,739	--	94,155	94,155	--
Technology	104,902	104,902	--	77,855	77,855	--
Fixed income						
Certificates of deposit	1,063,012	--	1,063,012	588,733	--	588,733
Mutual funds						
Foreign large blend	272,051	272,051	--	257,319	257,319	--
Intermediate-term bond	--	--	--	288,532	288,532	--
Large growth	537,037	537,037	--	478,959	478,959	--
Mid-cap blend	392,850	392,850	--	333,606	333,606	--
Emerging markets bond	250,899	250,899	--	184,907	184,907	--
Short term bond	507,624	507,624	--	424,643	424,643	--
Multisector bond	489,231	489,231	--	473,837	473,837	--
Other	369,528	369,528	--	186,481	186,481	--
	<u>\$ 4,868,127</u>	<u>\$ 3,805,115</u>	<u>\$ 1,063,012</u>	<u>\$ 3,994,983</u>	<u>\$ 3,406,250</u>	<u>\$ 588,733</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 in these financial statements.

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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, 2017 and 2016, 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.

**New Accounting Pronouncements**

In August 2016, the FASB issued ASU 2016-14 - Not-for-profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-profit Entities*. ASU 2016-14, which is effective for fiscal years beginning after December 15, 2017 with early adoption permitted will require a change to two areas of not-for-profit accounting and significant new financial statement presentation and disclosure requirements. Under ASU 2016-14 (the “ASU”), underwater endowment funds will be accounted for within net assets with donor restrictions and not within net assets without donor restrictions, as is the current practice. In addition, the ASU eliminates the accounting policy election to release donor-imposed restrictions over the useful life of donated property and equipment when the donor does not explicitly specify the period of time the property must be used. Instead, entities will be required to relieve the donor’s restrictions at the time the asset is placed in service.

In addition to the above disclosures, the ASU changes the presentation and disclosure requirements of not-for-profit entities in the following areas: expense disclosures, display of net asset classes, cash flow presentation, quantitative and qualitative liquidity disclosures and presentation of investment returns. The Organization is currently evaluating the impact the new pronouncement will have on its future financial statements.

**3. CONTRIBUTIONS RECEIVABLE**

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

	<b>2017</b>	<b>2016</b>
Annual Law Firm Campaign	\$ 319,458	\$ 265,000
Special Events Pledges	377,170	356,670
Board Member Pledges	121,910	69,250
Foundations	73,697	116,666
Other	31,909	14,340
Partnering for Justice Campaign Pledges	<u>128,251</u>	<u>145,751</u>
	1,052,395	967,677
Allowance for uncollectible pledges	<u>(94,356)</u>	<u>(106,356)</u>
Pledges receivable, net	958,039	861,321
Receivable less than one year	<u>957,039</u>	<u>853,821</u>
Receivable in one to five years	<u>\$ 1,000</u>	<u>\$ 7,500</u>

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**4. INVESTMENTS**

Investments at May 31 are as follows

	<b>2017</b>		<b>2016</b>	
	<b>Market</b>	<b>Cost</b>	<b>Market</b>	<b>Cost</b>
Cash	\$ 149,784	\$ 149,784	\$ 59,552	\$ 59,552
Stocks	836,111	733,053	718,414	624,400
Fixed income	1,063,012	1,063,000	588,733	588,733
Mutual funds	2,819,220	2,479,336	2,628,284	2,496,045
	<u>\$ 4,868,127</u>	<u>\$ 4,425,173</u>	<u>\$ 3,994,983</u>	<u>\$ 3,768,730</u>

Investment income (loss) was comprised of the following:

	<b>2017</b>	<b>2016</b>
Interest and dividend income	\$ 91,432	\$ 97,391
Net realized and unrealized gains (losses)	313,138	(176,693)
Investment fees	(31,503)	(30,438)
	<u>\$ 373,067</u>	<u>\$ (109,740)</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, 2018. 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, 2017 and 2016.

**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, 2017 and 2016 amounted to \$150,437 and \$139,057, respectively. NYLPI's policy is to fund pension plan expense currently.

**7. NET ASSETS**

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

	<b>2017</b>	<b>2016</b>
Unrestricted		
General operations	\$ 2,627,941	\$ 2,140,023
Board designated reserve	607,174	607,174
	<u>\$ 3,235,115</u>	<u>\$ 2,747,197</u>

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	<b>2017</b>	<b>2016</b>
Temporarily restricted		
Taconic fund	\$ 2,399,120	\$ 2,485,120
Rothenberg fund	7,575	51,271
Capital campaign	91,546	71,394
Litigation fund	125,155	108,601
Environmental justice	106,358	103,750
Disability justice	246,633	--
Other	67,251	100,833
Time restriction	--	33,334
	<u>\$ 3,043,638</u>	<u>\$ 2,954,303</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>

**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 \$418,725 and \$406,154 for the years ended May 31, 2017 and 2016, respectively.

Subleasing of a portion of the additional space under short-term leases generated rental income of \$141,575 and \$141,000 for the years ended May 31, 2017 and 2016, respectively.

NYLPI's future minimum payments are as follows:

<b>Years Ended May 31,</b>	<b>Amount</b>
2018	\$ 417,316
2019	426,706
2020	179,440
	<u>\$ 1,023,462</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.

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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.

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, 2017 is as follows:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Donor-restricted endowment funds	\$ <u>15,676</u>	\$ <u>328,000</u>

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Changes in endowment net assets as of May 31, 2017 and 2016 are as follows:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Endowment net assets, June 1, 2015	\$ 10,890	\$ 328,000
Investment return	5,539	--
Unrealized loss	(15,406)	--
Amounts appropriated for expenditure	<u>(1,023)</u>	<u>--</u>
Endowment net assets, June 1, 2016	--	328,000
Investment return	5,052	--
Appreciation	28,797	--
Amounts appropriated for expenditure	<u>(18,173)</u>	<u>--</u>
Endowment net assets, May 31, 2017	<u>\$ 15,676</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 October 16, 2017 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.