

**N Y L P I**



**JUSTICE THROUGH  
COMMUNITY POWER**

**NEW YORK LAWYERS FOR THE PUBLIC INTEREST, INC.**  
**Financial Statements**  
**May 31, 2021 and 2020**  
**With Independent Auditor's Report**

**New York Lawyers for the Public Interest, Inc.**  
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**May 31, 2021 and 2020**

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## INDEPENDENT AUDITOR'S REPORT

To 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, 2021 and 2020, the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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, 2021 and 2020, 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 27, 2021

**New York Lawyers for the Public Interest, Inc.**  
**Statements of Financial Position**  
**May 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,950,047	\$ 2,399,094
Investments - other	4,516,940	3,269,449
Government contracts receivable	835,472	567,141
Contributions receivable, net	1,114,179	1,247,186
Attorney fee awards receivable, net of allowance of \$24,349 and \$40,610 for 2021 and 2020, respectively	144,175	144,124
Prepaid expenses	21,884	33,183
Total current assets	<u>9,582,697</u>	<u>7,660,177</u>
Property and equipment		
Software	87,958	87,958
Furniture and fixtures	36,854	36,854
Office equipment	8,550	8,550
Leasehold improvements	80,798	80,798
	<u>214,160</u>	<u>214,160</u>
Less: Accumulated depreciation	114,514	97,107
Net property and equipment	<u>99,646</u>	<u>117,053</u>
Other assets		
Restricted investments - endowments	328,000	328,000
Security deposits	94,009	94,009
Total other assets	<u>422,009</u>	<u>422,009</u>
Total assets	<u>\$ 10,104,352</u>	<u>\$ 8,199,239</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 801,239	\$ 897,899
Subtenant security deposits	10,000	10,000
Deferred income	52,594	37,958
Total current liabilities	863,833	945,857
Deferred rent	362,344	227,410
Paycheck Protection Program Loan refundable advance	467,459	463,010
Total liabilities	<u>1,693,636</u>	<u>1,636,277</u>
Net assets		
Without donor restrictions	4,943,902	3,276,931
Without donor restrictions - board-designated reserve	607,174	607,174
Total without donor restrictions	5,551,076	3,884,105
With donor restrictions	2,859,640	2,678,857
Total net assets	<u>8,410,716</u>	<u>6,562,962</u>
Total liabilities and net assets	<u>\$ 10,104,352</u>	<u>\$ 8,199,239</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, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and revenues</b>			
Public support			
Contributions - foundations	\$ 525,168	\$ 422,333	\$ 947,501
Contributions - member organizations	688,100	-	688,100
Contributions - other	478,842	202,504	681,346
Contributions - in-kind	57,293	-	57,293
Government contract income	1,096,035	-	1,096,035
Government grant income - Paycheck Protection Program Loan	672,560	-	672,560
Special events, net of direct benefit to donors of \$79,382	<u>1,935,827</u>	<u>-</u>	<u>1,935,827</u>
	<u>5,453,825</u>	<u>624,837</u>	<u>6,078,662</u>
Revenues			
Court awarded attorney fees	604,241	-	604,241
Rental income	122,765	-	122,765
Investment income, net	582,194	105,552	687,746
Miscellaneous	<u>47,721</u>	<u>-</u>	<u>47,721</u>
	<u>1,356,921</u>	<u>105,552</u>	<u>1,462,473</u>
	6,810,746	730,389	7,541,135
Net assets released due to satisfaction of purpose and time restrictions	<u>549,606</u>	<u>(549,606)</u>	<u>-</u>
	<u>7,360,352</u>	<u>180,783</u>	<u>7,541,135</u>
<b>Expenses</b>			
Program services			
Environmental Justice Program	957,043	-	957,043
Disability Justice Program	1,766,858	-	1,766,858
Pro Bono Clearinghouse	511,096	-	511,096
Health Justice Program	<u>1,294,215</u>	<u>-</u>	<u>1,294,215</u>
	<u>4,529,212</u>	<u>-</u>	<u>4,529,212</u>
Supporting services			
Management and general	721,083	-	721,083
Fundraising	379,241	-	379,241
Rental activity	<u>63,845</u>	<u>-</u>	<u>63,845</u>
	<u>1,164,169</u>	<u>-</u>	<u>1,164,169</u>
	<u>5,693,381</u>	<u>-</u>	<u>5,693,381</u>
<b>Changes in net assets</b>	1,666,971	180,783	1,847,754
<b>Net assets</b>			
Beginning of year	<u>3,884,105</u>	<u>2,678,857</u>	<u>6,562,962</u>
End of year	<u>\$ 5,551,076</u>	<u>\$ 2,859,640</u>	<u>\$ 8,410,716</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, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and revenues</b>			
Public support			
Contributions - foundations	\$ 314,181	\$ 218,875	\$ 533,056
Contributions - member organizations	572,000	-	572,000
Contributions - other	407,669	-	407,669
Contributions - in-kind	197,079	-	197,079
Government contract income	1,143,729	-	1,143,729
Government grant income - Paycheck Protection Program Loan	214,000	-	214,000
Special events, net direct benefit to donors of \$292,103	<u>1,415,711</u>	<u>-</u>	<u>1,415,711</u>
	<u>4,264,369</u>	<u>218,875</u>	<u>4,483,244</u>
Revenues			
Court awarded attorney fees	570,988	-	570,988
Rental income	10,000	-	10,000
Investment income, net	214,706	19,033	233,739
Miscellaneous	<u>10,797</u>	<u>-</u>	<u>10,797</u>
	<u>806,491</u>	<u>19,033</u>	<u>825,524</u>
	5,070,860	237,908	5,308,768
Net assets released due to satisfaction of purpose and time restrictions	<u>646,083</u>	<u>(646,083)</u>	<u>-</u>
	<u>5,716,943</u>	<u>(408,175)</u>	<u>5,308,768</u>
<b>Expenses</b>			
Program services			
Environmental Justice Program	972,618	-	972,618
Disability Justice Program	1,772,560	-	1,772,560
Pro Bono Clearinghouse	533,438	-	533,438
Health Justice Program	<u>1,110,087</u>	<u>-</u>	<u>1,110,087</u>
	<u>4,388,703</u>	<u>-</u>	<u>4,388,703</u>
Supporting services			
Management and general	659,859	-	659,859
Fundraising	<u>389,261</u>	<u>-</u>	<u>389,261</u>
	<u>1,049,120</u>	<u>-</u>	<u>1,049,120</u>
	<u>5,437,823</u>	<u>-</u>	<u>5,437,823</u>
<b>Changes in net assets</b>	279,120	(408,175)	(129,055)
<b>Net assets</b>			
Beginning of year	<u>3,604,985</u>	<u>3,087,032</u>	<u>6,692,017</u>
End of year	<u>\$ 3,884,105</u>	<u>\$ 2,678,857</u>	<u>\$ 6,562,962</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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating activities</b>		
Changes in net assets	\$ 1,847,754	\$ (129,055)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Bad debt expense	95,706	26,319
Depreciation	17,407	1,356
Realized and unrealized gain on investments	(640,339)	(150,978)
Allowance on attorney fee awards receivable	(16,261)	(10,621)
Changes in assets and liabilities		
Government contracts receivable	(268,331)	(124,141)
Contributions receivable	133,007	(214,553)
Attorney fee awards receivable	(79,496)	51,139
Prepaid expenses	11,299	41,195
Security deposits	-	(55,500)
Accounts payable and accrued expenses	(96,660)	717,520
Deferred income	14,636	(2,138)
Deferred rent	134,934	206,971
Paycheck Protection Program Loan refundable advance	4,449	463,010
Net cash provided by operating activities	<u>1,158,105</u>	<u>820,524</u>
<b>Investing activities</b>		
Purchase of property and equipment	-	(114,539)
Purchase of investments	(1,502,152)	(478,474)
Sales of investments	895,000	293,780
Net cash used in investing activities	<u>(607,152)</u>	<u>(299,233)</u>
Net change in cash and cash equivalents	550,953	521,291
<b>Cash and cash equivalents</b>		
Beginning of year	<u>2,399,094</u>	<u>1,877,803</u>
End of year	<u>\$ 2,950,047</u>	<u>\$ 2,399,094</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

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

**New York Lawyers for the Public Interest, Inc.**  
**Statement of Functional Expenses**  
**Year Ended May 31, 2021**

	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	\$ 530,474	\$ 1,018,229	\$ 288,146	\$ 707,921	\$ 2,544,770	\$ 272,797	\$ 181,037	\$ -	\$ 453,834	\$ 2,998,604
Employee benefits and payroll taxes	182,211	331,536	99,841	256,447	870,035	127,543	51,751	-	179,294	1,049,329
Accounting	-	-	-	-	-	90,000	-	-	90,000	90,000
Audit	-	-	-	-	-	25,029	-	-	25,029	25,029
Consultants	28,871	51,963	15,552	48,698	145,084	2,079	69,602	-	71,681	216,765
Depreciation	3,558	5,964	1,836	4,651	16,009	825	573	-	1,398	17,407
Equipment rentals	3,377	6,890	1,723	3,567	15,557	1,487	1,805	-	3,292	18,849
Insurance	6,266	11,010	3,485	7,467	28,228	1,476	1,133	-	2,609	30,837
Library	2,755	7,391	1,405	3,600	15,151	-	-	-	-	15,151
Donated legal services	-	276	-	15,916	16,192	41,101	-	-	41,101	57,293
Postage and messenger	178	313	80	2,130	2,701	214	1,029	-	1,243	3,944
Occupancy	139,529	243,689	71,304	171,181	625,703	39,402	34,162	62,155	135,719	761,422
Repairs and maintenance	4,222	7,600	2,244	5,197	19,263	3,799	1,268	1,690	6,757	26,020
Stationery and office expense	2,657	4,895	1,141	4,468	13,161	999	562	-	1,561	14,722
Telephone	3,431	7,458	2,374	5,913	19,176	1,512	777	-	2,289	21,465
Temporary office staff	813	1,363	420	1,063	3,659	107	74	-	181	3,840
Travel, meetings and conferences	432	172	48	248	900	46	71	-	117	1,017
Printing and duplication	-	-	-	152	152	-	2,939	-	2,939	3,091
Professional development	4,713	5,478	1,837	4,874	16,902	632	2,961	-	3,593	20,495
Technology	16,973	28,830	8,752	22,124	76,679	5,980	24,596	-	30,576	107,255
Covid stipends	6,801	11,399	3,510	8,890	30,600	1,577	1,095	-	2,672	33,272
Other	15,582	15,874	5,233	13,421	50,110	8,177	3,559	-	11,736	61,846
Dues and contributions	2,271	2,950	837	3,497	9,555	595	247	-	842	10,397
Special event expenses	1,929	3,578	1,328	2,790	9,625	-	79,382	-	79,382	89,007
Bad debt expense	-	-	-	-	-	95,706	-	-	95,706	95,706
	957,043	1,766,858	511,096	1,294,215	4,529,212	721,083	458,623	63,845	1,243,551	5,772,763
Special event expenses, netted with income	-	-	-	-	-	-	(79,382)	-	(79,382)	(79,382)
	<u>\$ 957,043</u>	<u>\$ 1,766,858</u>	<u>\$ 511,096</u>	<u>\$ 1,294,215</u>	<u>\$ 4,529,212</u>	<u>\$ 721,083</u>	<u>\$ 379,241</u>	<u>\$ 63,845</u>	<u>\$ 1,164,169</u>	<u>\$ 5,693,381</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, 2020**

	Program Services					Supporting Services			Grand Total
	Environmental Justice Program	Disability Justice Program	Pro Bono Clearing-house	Health Justice Program	Total	Management and General	Fundraising	Total	
Salaries	\$ 569,788	\$ 987,851	\$ 272,965	\$ 546,381	\$ 2,376,985	\$ 275,427	\$ 199,558	\$ 474,985	\$ 2,851,970
Employee benefits and payroll taxes	168,138	342,120	100,601	222,731	833,590	93,802	71,213	165,015	998,605
Accounting	-	-	-	-	-	90,000	-	90,000	90,000
Audit	-	-	-	-	-	25,802	-	25,802	25,802
Consultants	28,742	56,666	17,546	51,321	154,275	1,898	2,010	3,908	158,183
Depreciation	-	-	-	-	-	1,356	-	1,356	1,356
Equipment rentals	4,582	8,238	2,419	5,357	20,596	1,998	1,824	3,822	24,418
Insurance	5,557	9,545	2,846	6,317	24,265	2,400	2,112	4,512	28,777
Library	3,354	6,181	1,745	3,879	15,159	97	85	182	15,341
Donated legal services	-	3,818	28,060	46,230	78,108	32,971	-	32,971	111,079
Postage and messenger	170	525	137	420	1,252	168	1,114	1,282	2,534
Occupancy	139,545	261,798	78,809	159,307	639,459	75,741	72,068	147,809	787,268
Repairs and maintenance	17,602	30,750	9,081	20,031	77,464	7,587	6,845	14,432	91,896
Stationery and office expense	2,948	5,214	1,657	3,308	13,127	1,877	3,856	5,733	18,860
Telephone	2,398	4,632	1,142	2,821	10,993	1,033	841	1,874	12,867
Temporary office staff	594	3,480	326	4,269	8,669	264	245	509	9,178
Travel, meetings and conferences	1,814	3,655	576	1,668	7,713	345	509	854	8,567
Printing and duplication	996	2,568	463	1,247	5,274	461	2,640	3,101	8,375
Professional development	5,014	3,824	1,341	3,049	13,228	1,053	1,818	2,871	16,099
Technology	14,643	27,510	8,003	17,983	68,139	6,536	16,265	22,801	90,940
Other	4,347	9,250	4,678	10,108	28,383	12,218	4,314	16,532	44,915
Dues and contributions	2,386	4,935	1,043	3,660	12,024	506	1,944	2,450	14,474
Special event expenses	-	-	-	-	-	-	292,103	292,103	292,103
Bad debt expense	-	-	-	-	-	26,319	-	26,319	26,319
	972,618	1,772,560	533,438	1,110,087	4,388,703	659,859	681,364	1,341,223	5,729,926
Special event expenses, netted with income	-	-	-	-	-	-	(292,103)	(292,103)	(292,103)
	<u>\$ 972,618</u>	<u>\$ 1,772,560</u>	<u>\$ 533,438</u>	<u>\$ 1,110,087</u>	<u>\$ 4,388,703</u>	<u>\$ 659,859</u>	<u>\$ 389,261</u>	<u>\$ 1,049,120</u>	<u>\$ 5,437,823</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, 2021 and 2020**

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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 not-for-profit, civil rights law firm. NYLPI’s 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 not-for-profits with critical legal assistance.

The *Pro Bono Clearinghouse* strengthens communities by providing innovative and effective not-for-profit organizations with free legal services, drawing on volunteer lawyers from New York’s most prestigious law firms and corporate law departments. It helps not-for-profit 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, 2021 and 2020, NYLPI had accounting transactions in the net assets without donor restrictions and with donor restriction categories. The net assets without donor restrictions category represents net assets that are not subject to donor imposed restrictions, and the net assets with donor restrictions category represents net assets that are subject to time or purpose donor imposed restrictions and 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 without donor restrictions or with donor restrictions 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 net assets without donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**New York Lawyers for the Public Interest, Inc.**  
**Notes to Financial Statements**  
**May 31, 2021 and 2020**

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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.

Revenues without donor restrictions 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 \$57,293 and \$197,079 for the years ended May 31, 2021 and 2020, respectively.

Special event revenue typically comprises an exchange element, based on the benefits received, and a contribution element for the difference and is treated as revenue without donor restrictions. NYLPI does not have any significant financing components as payment is received at or shortly after the point of sale. The contribution portion is recognized as revenue when received. For the exchange portion, funds received in advance of the event date are recorded as contract liabilities in the statement of financial position. Revenue from the exchange portion is recognized at a point in time, at the date of the event held. During the years ended May 31, 2021, the donors did not receive anything of value in exchange for the price paid; therefore, there was no exchange portion, and all special event income was treated as contribution income.

**Allocation of Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Costs that can be identified with a specific program within Program Services (Environmental Justice, Disability Justice, Pro Bono Clearinghouse, and Health Justice) or Supporting Services (Management and General and Fundraising) are charged directly to that Program Service or Supporting Service. Costs common to multiple functions have been allocated amongst the Program Services and Supporting Services based on full time equivalents and other methods:

- Salary and fringe costs are allocated by estimating the full time equivalent (“FTE”) percentages that each employee spends on a given Program Service or Support Service.
- Occupancy is allocated to the Program Service or Support Service based on a ratio that takes into account the floor that each employee sits on and each employee’s FTE for a given Program Service or Support Service.
- Other expenses are allocated using total Program Service or Support Service FTEs.

**New York Lawyers for the Public Interest, Inc.**  
**Notes to Financial Statements**  
**May 31, 2021 and 2020**

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**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 fair 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 investment income in the statements of activities.

**Certificates of Deposit**

Certificates of deposit are stated at fair value. Certificates of deposit consist of bank certificates of deposit maturing through November 2020 and are stated at the year-end fair value. Unrealized gains and losses are included in investment income in the statements of activities.

**Contributions Receivable**

Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Management determines whether an allowance for collectibles should be provided for receivables. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts and historical information.

**Government Contracts Receivable**

Government contracts receivable consist of certain amounts due from various funding sources which resulted from expenditures incurred in excess of payments received.

**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. There were significant estimates recorded in these financial statements for allowance for uncollectible contributions receivable and investments.

**Property and Equipment**

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

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

Depreciation expense amounted to \$17,407 and \$1,356 in 2021 and 2020, respectively.

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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.

**Fair Value of Financial Instruments**

The carrying amounts of financial instruments including cash and cash equivalents, investments, 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.

**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.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements. The reclassifications had no effect on the changes in net assets.

**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, 2021 and 2020, 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.

NYLPI received 15% and 16% of its total revenue from 2 donors for the years ended May 31, 2021 and 2020, respectively. Approximately 81% and 73% of government contracts receivable is due from one agency at May 31, 2021 and 2020, respectively.

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**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:

	2021		2020	
	Total	Observable Criteria (Level 1)	Total	Observable Criteria (Level 1)
Exchange-traded funds				
Basic materials	\$ 23,324	\$ 23,324	\$ 18,527	\$ 18,527
Communication services	34,560	34,560	35,437	35,437
Consumer cyclical	38,790	38,790	32,013	32,013
Consumer defensive	66,129	66,129	64,378	64,378
Energy	36,896	36,896	29,872	29,872
Financial services	150,034	150,034	107,379	107,379
Healthcare	127,606	127,606	124,244	124,244
Industrials	93,704	93,704	69,922	69,922
Real estate	29,215	29,215	18,108	18,108
Technology	62,869	62,869	61,875	61,875
Utilities	32,862	32,862	35,834	35,834
Certificates of deposit	-	-	351,602	351,602
Mutual funds				
Ultrashort bond	1,161,442	1,161,442	-	-
Foreign large blend	149,722	149,722	136,324	136,324
Foreign large growth	144,424	144,424	142,332	142,332
Intermediate core bond	545,582	545,582	417,632	417,632
Large growth	528,692	528,692	568,100	568,100
Mid-cap blend	273,229	273,229	205,780	205,780
Emerging markets bond	103,327	103,327	102,612	102,612
Short term bond	889,384	889,384	796,142	796,142
Multisector bond	353,149	353,149	279,336	279,336
	<u>\$ 4,844,940</u>	<u>\$ 4,844,940</u>	<u>\$ 3,597,449</u>	<u>\$ 3,597,449</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 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).

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Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at May 31, 2021 and 2020.

Exchange traded funds - valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds - valued at the daily closing price as reported by the fund. Mutual funds are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held are deemed to be actively traded. Certificates of deposit are stated at fair value.

**3. NEW ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET ADOPTED**

**Leases**

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of NYLPI’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021.

**Gifts-In-Kind**

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after July 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements.

NYLPI is currently evaluating the effect that these pronouncements will have on its financial statements and related disclosures.

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**4. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of May 31, 2021, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses and fulfillment of payables and other obligations, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets at year end		
Cash and cash equivalents	\$ 2,579,704	\$ 2,028,750
Investments - other	4,516,940	3,269,449
Government contracts receivable	835,472	567,141
Contributions receivable, net	1,114,179	1,247,186
Attorney fee awards receivable	<u>144,175</u>	<u>144,124</u>
Total financial assets	<u>9,190,470</u>	<u>7,256,650</u>
Less financial assets unavailable for general expenditures within one year, due to		
Board-designated reserve	(607,174)	(607,174)
Assets restricted by donor with time and purpose restrictions		
Taconic Fund	(1,599,120)	(1,849,120)
Litigation Fund	<u>(137,322)</u>	<u>(124,534)</u>
Total financial assets unavailable	<u>(2,343,616)</u>	<u>(2,580,828)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 6,846,854</u>	<u>\$ 4,675,822</u>

The financial assets listed above as available to meet general expenditures are not subject to donor or other contractual restrictions. Contributions with donor restrictions that will be met over the next twelve months are not subtracted from total financial assets, making them available for general expenditures for the purpose of the liquidity calculation. NYLPI is substantially supported by annual contributions without donor restrictions.

NYLPI manages its financial assets to be available as its general expenditures and other obligations come due. In addition, NYLPI invests cash in excess of daily requirements in short-term investments. The board-designated reserve was established by the governing board as a secondary reserve, and the funds are not available for general expenditures unless authorized by the Executive Committee. The fund's stated purpose is to help to ensure the long-term financial stability of NYLPI and position it to respond to varying economic conditions and changes affecting NYLPI's financial position and its ability to continuously carry out its mission. The fund has been increased occasionally when the Organization earns an operating surplus.

In the event of an unanticipated liquidity need, NYLPI could draw upon the board-designated reserve (with Executive Committee approval) or its \$500,000 line of credit which was fully available at year end. (See Note 7 for additional information).



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**5. INVESTMENTS**

Investments at May 31 are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Exchange-traded funds	\$ 695,987	\$ 420,000	\$ 597,589	\$ 623,658
Certificates of deposit	-	-	351,602	350,000
Mutual funds	<u>4,148,953</u>	<u>3,573,014</u>	<u>2,648,258</u>	<u>2,318,889</u>
	<u>\$ 4,844,940</u>	<u>\$ 3,993,014</u>	<u>\$ 3,597,449</u>	<u>\$ 3,292,547</u>

Investment income (loss) was comprised of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 79,356	\$ 113,235
Net realized and unrealized gains	640,339	150,978
Investment fees	<u>(31,949)</u>	<u>(30,474)</u>
	<u>\$ 687,746</u>	<u>\$ 233,739</u>

**6. CONTRIBUTIONS RECEIVABLE**

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

	<u>2021</u>	<u>2020</u>
Annual Law Firm Campaign	\$ 295,000	\$ 395,000
Special Events pledges	403,450	467,500
Board Member pledges	190,276	194,474
Foundations	248,031	118,480
Other	29,922	47,337
Partnering for Justice Campaign pledges	<u>117,251</u>	<u>126,251</u>
	1,283,930	1,349,042
Allowance for uncollectible pledges	<u>(169,751)</u>	<u>(101,856)</u>
Contributions receivable, net	1,114,179	1,247,186
Receivable less than one year	<u>1,114,179</u>	<u>1,247,186</u>
Receivable in one to five years	<u>\$ -</u>	<u>\$ -</u>

**7. 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, which expires on March 12, 2022. Interest charged on the outstanding line of credit is the higher of the *Wall Street Journal* Prime Rate or 3.25%. No amounts were outstanding as of May 31, 2021 and 2020.

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**8. PAYCHECK PROTECTION PROGRAM LOAN**

On April 17, 2020, the Organization issued an unsecured promissory note (the "PPP Loan 1") for \$677,010 through the Paycheck Protection Program ("PPP") established under the CARES Act, and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan 1 is guaranteed by the SBA. The PPP Loan 1 may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan 1 at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan 1 was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan 1 was made through TD Bank (the "Lender 1"), has a two-year term, bears interest at 1.00% per annum, and matures on April 17, 2022. If the PPP Loan 1 is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period or August 8, 2021.

On April 2, 2021, the Organization issued an unsecured promissory note (the "PPP Loan 2") for \$677,009 through the PPP established under the CARES Act, and administered by the SBA. The PPP Loan 2 is guaranteed by the SBA. The PPP Loan 2 may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan 2 at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan 2 was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan 2 was made through Trufund Financial Services, Inc. (the "Lender 2"), has a five-year term, bears interest at 1.00% per annum, and matures on April 30, 2026. If the PPP Loan 2 is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period or July 24, 2022.

The Organization concluded that the PPP Loans should be accounted for as a government grant. Under the provisions of ASC 958-605, the PPP Loans represent, in substance, a grant that is expected to be forgiven (a conditional contribution). The conditional contribution is recognized as grant income at a point in time once the conditions of release have been substantially met or explicitly waived; or over a period of time as the Organization incurs qualifying PPP expenses. As discussed above, the Organization believes that it is probable that it will meet the terms of forgiveness, as it began utilizing the PPP proceeds for eligible expenses in the current year, and expects to fully utilize the PPP proceeds in an appropriate fashion next year. Accordingly, the Organization recognized a proportionate amount of PPP Loan 1 grant income of \$463,010 and \$214,000 for the years ended May 31, 2021 and 2020, respectively, in the accompanying statements of activities.

The Organization has submitted its PPP Loan 1 forgiveness application. On August 31, 2021, the Organization received forgiveness for the full amount of the PPP Loan 1.

As discussed above, the Organization believes that it is probable that it will meet the terms of PPP Loan 2 forgiveness, as it began utilizing the proceeds for eligible expenses in the current year, and expects to fully utilize the proceeds in an appropriate fashion next year. Accordingly, the Organization recognized a proportionate amount of PPP Loan 2 grant income of \$209,550 in the accompanying statements of activities. A refundable advance for the remainder of the PPP Loan 2 is reflected in the accompanying statements of financial position. The Organization expects that it will fully recognize the deferred liability as grant income in 2022.

The Organization plans to submit its PPP Loan 2 forgiveness application in the near future. Although the Organization believes it is probable that the PPP Loan 2 will be forgiven, the Organization's application must be evaluated by the lender and SBA before forgiveness is formally granted. Therefore, there is no guarantee that any portion of the PPP Loan 2 proceeds will be forgiven; and the Organization is legally obligated to repay the PPP Loan 2 until such time as legal release is received.

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**9. EMPLOYEE BENEFIT PLANS**

NYLPI maintains an Internal Revenue Code section 403(b) tax shelter annuity plan. NYLPI contributes an amount equal to 5% 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% 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, 2021 and 2020 amounted to \$216,910 and \$207,656, respectively. NYLPI's policy is to fund pension plan expense currently.

**10. NET ASSETS**

Components of net assets at May 31 were as follows:

	<u>2021</u>	<u>2020</u>
Without donor restrictions		
General operations	\$ 4,943,902	\$ 3,276,931
Board-designated reserve	<u>607,174</u>	<u>607,174</u>
	<u>\$ 5,551,076</u>	<u>\$ 3,884,105</u>
	<u>2021</u>	<u>2020</u>
With donor restrictions		
Program		
Taconic Fund	\$ 1,599,120	\$ 1,849,120
Capital campaign	-	51,895
Litigation Fund	137,322	124,534
Environmental Justice	141,500	142,937
Disability Justice	196,000	93,338
Health Justice	133,333	70,000
Time restriction	200,000	-
Endowment		
Disadvantaged Law Student Scholarships	105,917	82,568
Felix Fishman Award	<u>346,446</u>	<u>264,465</u>
	<u>\$ 2,859,638</u>	<u>\$ 2,678,857</u>

**11. LEASE COMMITMENTS**

NYLPI rents office and program space under two non-cancelable operating leases expiring October 31, 2029. 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 \$756,029 and \$775,372 for the years ended May 31, 2021 and 2020, respectively. Deferred rent of \$362,344 and \$227,410 at May 31, 2021 and 2020, respectively is comprised of the difference between the rent expense under the terms of the lease and the rent expense being recorded on a straight-line basis as required.

Subleasing of a portion of the additional space under short-term leases generated rental income of \$122,765 and \$10,000 for the years ended May 31, 2021 and 2020, respectively.

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NYLPI's future minimum payments are as follows May 31:

2022	\$ 733,163
2023	751,492
2024	770,280
2025	789,537
2026	809,261
Thereafter	<u>2,918,096</u>
	<u>\$ 6,771,829</u>

**12. COMMITMENTS AND CONTINGENCIES**

At May 31, 2021, the Organization had remaining available award balances on government conditional grants and contracts for sponsored projects of \$570,000. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

**13. 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 not-for-profit 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 in the United States of America, 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 (b) 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 net assets with donor restrictions is classified as net assets without donor restrictions based on donor stipulations.

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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 well, 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 are 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 is as follows:

	<u>2021</u>	<u>2020</u>
Donor restricted "true" endowment		
Historical gift value	\$ 328,000	\$ 328,000
Appreciation	<u>124,364</u>	<u>19,033</u>
Endowment net assets, May 31	<u>\$ 452,364</u>	<u>\$ 347,033</u>

Changes in endowment net assets as of May 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
	<u>With Donor</u>	<u>With Donor</u>
	<u>Restrictions</u>	<u>Restrictions</u>
Endowment net assets, June 1	\$ 347,033	\$ 328,000
Investment return	6,828	7,472
Appreciation	107,129	20,836
Amounts appropriated for expenditure	<u>(8,626)</u>	<u>(9,275)</u>
Endowment net assets, May 31	<u>\$ 452,364</u>	<u>\$ 347,033</u>

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**14. RISKS AND UNCERTAINTIES**

On January 30, 2020, the World Health Organization declared the outbreak of a novel strain of Coronavirus ("COVID-19") a "Public Health Emergency of International Concern" and in early March 2020, declared the Coronavirus outbreak a global pandemic. Management is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position and results of operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**15. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of October 27, 2021, 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.