

N Y L P I



**JUSTICE THROUGH
COMMUNITY POWER**

NEW YORK LAWYERS FOR THE PUBLIC INTEREST, INC.

Financial Statements

May 31, 2022 and 2021

With Independent Auditor's Report

New York Lawyers for the Public Interest, Inc.
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May 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of New York Lawyers for the Public Interest, Inc. (the "Organization"), which comprise the statements of financial position as of May 31, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New York Lawyers for the Public Interest, Inc. as of May 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Withum Smith + Brown, PC

February 3, 2023

New York Lawyers for the Public Interest, Inc.
Statements of Financial Position
May 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,767,789	\$ 2,950,047
Investments - other	3,651,885	4,516,940
Government contracts receivable	1,306,038	835,472
Contributions receivable, net	1,878,339	1,114,179
Attorney fee awards receivable, net of allowance of \$12,916 and \$24,349 for 2022 and 2021, respectively	157,609	144,175
Prepaid expenses	<u>85,249</u>	<u>21,885</u>
Total current assets	<u>8,846,909</u>	<u>9,582,698</u>
Property and equipment		
Software	87,958	87,958
Furniture and fixtures	40,875	36,854
Office equipment	36,180	8,549
Leasehold improvements	<u>80,798</u>	<u>80,798</u>
Property and equipment, at cost	245,811	214,159
Less: Accumulated depreciation	<u>131,884</u>	<u>114,514</u>
Net property and equipment	<u>113,927</u>	<u>99,645</u>
Other assets		
Restricted investments - endowments	328,000	328,000
Contributions receivable, long-term portion	200,000	-
Security deposits	<u>94,009</u>	<u>94,009</u>
Total other assets	<u>622,009</u>	<u>422,009</u>
Total assets	<u>\$ 9,582,845</u>	<u>\$ 10,104,352</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 485,875	\$ 801,239
Subtenant security deposits	10,000	10,000
Deferred income	<u>-</u>	<u>52,594</u>
Total current liabilities	495,875	863,833
Deferred rent	380,960	362,344
Paycheck Protection Program Loan refundable advance	<u>-</u>	<u>467,459</u>
Total liabilities	<u>876,835</u>	<u>1,693,636</u>
Net assets		
Without donor restrictions	5,343,746	4,943,902
Without donor restrictions - board-designated reserve	<u>607,174</u>	<u>607,174</u>
Total without donor restrictions	5,950,920	5,551,076
With donor restrictions	<u>2,755,090</u>	<u>2,859,640</u>
Total net assets	<u>8,706,010</u>	<u>8,410,716</u>
Total liabilities and net assets	<u>\$ 9,582,845</u>	<u>\$ 10,104,352</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Public support			
Contributions - foundations	\$ 685,335	\$ 810,565	\$ 1,495,900
Contributions - member organizations	648,200	-	648,200
Contributions - other	419,787	29,000	448,787
Contributions - in-kind	37,858	-	37,858
Government contract income	1,307,010	-	1,307,010
Government grant income - Paycheck Protection Program Loan	467,459	-	467,459
Special events, net of direct benefit to donors of \$257,440	<u>1,842,094</u>	<u>-</u>	<u>1,842,094</u>
Total public support	<u>5,407,743</u>	<u>839,565</u>	<u>6,247,308</u>
Revenues			
Court awarded attorney fees	136,067	-	136,067
Rental income	133,769	-	133,769
Investment loss, net	(207,695)	(44,172)	(251,867)
Miscellaneous	<u>55,660</u>	<u>-</u>	<u>55,660</u>
Total revenues	<u>117,801</u>	<u>(44,172)</u>	<u>73,629</u>
Total public support and revenues, before net assets released from restrictions	5,525,544	795,393	6,320,937
Net assets released from restrictions due to satisfaction of purpose and time restrictions	<u>899,943</u>	<u>(899,943)</u>	<u>-</u>
Total public support and revenues	<u>6,425,487</u>	<u>(104,550)</u>	<u>6,320,937</u>
Expenses			
Program services			
Environmental Justice Program	932,340	-	932,340
Disability Justice Program	1,818,705	-	1,818,705
Pro Bono Clearinghouse	598,227	-	598,227
Health Justice Program	<u>1,420,313</u>	<u>-</u>	<u>1,420,313</u>
Total program services	<u>4,769,585</u>	<u>-</u>	<u>4,769,585</u>
Supporting services			
Management and general	615,430	-	615,430
Fundraising	523,188	-	523,188
Rental activity	<u>117,440</u>	<u>-</u>	<u>117,440</u>
Total supporting services	<u>1,256,058</u>	<u>-</u>	<u>1,256,058</u>
Total expenses	<u>6,025,643</u>	<u>-</u>	<u>6,025,643</u>
Changes in net assets	399,844	(104,550)	295,294
Net assets			
Beginning of year	<u>5,551,076</u>	<u>2,859,640</u>	<u>8,410,716</u>
End of year	<u>\$ 5,950,920</u>	<u>\$ 2,755,090</u>	<u>\$ 8,706,010</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
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 direct benefit to donors of \$79,382	<u>1,935,827</u>	<u>-</u>	<u>1,935,827</u>
Total public support	<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>
Total revenues	<u>1,356,921</u>	<u>105,552</u>	<u>1,462,473</u>
Total public support and revenues, before net assets released from restrictions	6,810,746	730,389	7,541,135
Net assets released from restrictions due to satisfaction of purpose and time restrictions	<u>549,606</u>	<u>(549,606)</u>	<u>-</u>
Total public support and revenues	<u>7,360,352</u>	<u>180,783</u>	<u>7,541,135</u>
Expenses			
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>
Total program services	<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>
Total supporting services	<u>1,164,169</u>	<u>-</u>	<u>1,164,169</u>
Total expenses	<u>5,693,381</u>	<u>-</u>	<u>5,693,381</u>
Changes in net assets	1,666,971	180,783	1,847,754
Net assets			
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.
Statements of Cash Flows
Years Ended May 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Changes in net assets	\$ 295,294	\$ 1,847,754
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Bad debt expense	51,500	95,706
Depreciation	17,370	17,407
Realized and unrealized (gain) loss on investments	306,490	(640,339)
Allowance on attorney fee awards receivable	(11,433)	(16,261)
Changes in operating assets and liabilities		
Government contracts receivable	(470,566)	(268,331)
Contributions receivable	(964,160)	133,007
Attorney fee awards receivable	(53,501)	(79,496)
Prepaid expenses	(63,364)	11,299
Accounts payable and accrued expenses	(315,364)	(96,660)
Deferred income	(52,594)	14,636
Deferred rent	18,616	134,934
Paycheck Protection Program Loan refundable advance	(467,459)	4,449
Net cash (used in) provided by operating activities	<u>(1,709,171)</u>	<u>1,158,105</u>
Investing activities		
Purchase of property and equipment	(31,652)	-
Purchase of investments	(386,882)	(1,502,152)
Sales of investments	945,447	895,000
Net cash provided by (used in) investing activities	<u>526,913</u>	<u>(607,152)</u>
Net change in cash and cash equivalents	(1,182,258)	550,953
Cash and cash equivalents		
Beginning of year	<u>2,950,047</u>	<u>2,399,094</u>
End of year	<u>\$ 1,767,789</u>	<u>\$ 2,950,047</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, 2022

	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	\$ 545,148	\$ 1,081,689	\$ 329,454	\$ 858,912	\$ 2,815,203	\$ 276,970	\$ 207,341	\$ -	\$ 484,311	\$ 3,299,514
Employee benefits and payroll taxes	167,750	351,291	144,826	274,037	937,904	69,359	104,133	-	173,492	1,111,396
Accounting	-	-	-	-	-	90,081	-	-	90,081	90,081
Audit	-	-	-	-	-	26,420	-	-	26,420	26,420
Consultants	40,748	70,574	22,799	76,150	210,271	3,631	95,426	-	99,057	309,328
Depreciation	2,626	5,404	2,322	4,214	14,566	1,011	1,793	-	2,804	17,370
Equipment rentals	2,679	5,250	2,116	4,094	14,139	926	1,470	-	2,396	16,535
Insurance	5,319	11,025	4,782	8,598	29,724	2,126	3,788	-	5,914	35,638
Library	3,673	7,073	1,783	5,210	17,739	146	258	-	404	18,143
Donated legal services	2,944	-	-	-	2,944	34,914	-	-	34,914	37,858
Postage and messenger	302	146	138	1,380	1,966	22	263	-	285	2,251
Occupancy	99,914	191,466	52,476	110,936	454,792	39,781	43,042	111,840	194,663	649,455
Repairs and maintenance	6,071	12,039	3,488	6,990	28,588	2,777	3,110	5,600	11,487	40,075
Stationery and office expense	2,600	4,921	2,010	3,848	13,379	862	1,419	-	2,281	15,660
Telephone	4,207	8,144	2,854	6,051	21,256	1,256	1,656	-	2,912	24,168
Temporary office staff	264	526	217	410	1,417	95	15,606	-	15,701	17,118
Travel, meetings, and conferences	5,716	3,400	1,047	3,873	14,036	198	656	-	854	14,890
Printing and duplication	21	109	12	971	1,113	5	12,400	-	12,405	13,518
Professional development	8,605	6,044	3,202	4,769	22,620	983	2,638	-	3,621	26,241
Technology	20,650	41,806	16,438	31,117	110,011	7,632	20,261	-	27,893	137,904
Other	10,384	12,990	6,892	15,194	45,460	4,083	7,341	-	11,424	56,884
Dues and contributions	2,719	4,808	1,371	3,559	12,457	652	587	-	1,239	13,696
Special event expenses	-	-	-	-	-	-	257,440	-	257,440	257,440
Bad debt expense	-	-	-	-	-	51,500	-	-	51,500	51,500
	<u>932,340</u>	<u>1,818,705</u>	<u>598,227</u>	<u>1,420,313</u>	<u>4,769,585</u>	<u>615,430</u>	<u>780,628</u>	<u>117,440</u>	<u>1,513,498</u>	<u>6,283,083</u>
Special event expenses, netted with income	-	-	-	-	-	-	(257,440)	-	(257,440)	(257,440)
	<u>\$ 932,340</u>	<u>\$ 1,818,705</u>	<u>\$ 598,227</u>	<u>\$ 1,420,313</u>	<u>\$ 4,769,585</u>	<u>\$ 615,430</u>	<u>\$ 523,188</u>	<u>\$ 117,440</u>	<u>\$ 1,256,058</u>	<u>\$ 6,025,643</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, 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
	<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>458,623</u>	<u>63,845</u>	<u>1,243,551</u>	<u>5,772,763</u>
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.
Notes to Financial Statements
May 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021

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 \$37,858 and \$57,293 for the years ended May 31, 2022 and 2021, 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 statements of financial position.

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, fundraising, and rental activity) 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 (“FTE”) and other methods:

- Salary and fringe costs are allocated by estimating the FTE percentages that each employee spends on a given program service or supporting service.
- Occupancy is allocated to the program service or supporting 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 supporting service.
- Other expenses are allocated using total program service or supporting service FTEs.

Cash and Cash Equivalentents

Cash and cash equivalentents 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.

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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.

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 \$17,370 and \$17,407 for the years ended May 31, 2022 and 2021, respectively.

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.

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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.

Fair Value Hierarchy

NYLPI has provided fair value disclosure information for relevant investments in these financial statements. The following table summarizes assets 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:

	2022		2021	
	Total	Observable Criteria (Level 1)	Total	Observable Criteria (Level 1)
Exchange-traded funds				
Basic materials	\$ 22,030	\$ 22,030	\$ 23,324	\$ 23,324
Communication services	27,852	27,852	34,560	34,560
Consumer cyclical	33,521	33,521	38,790	38,790
Consumer defensive	74,522	74,522	66,129	66,129
Energy	49,509	49,509	36,896	36,896
Financial services	131,895	131,895	150,034	150,034
Healthcare	147,250	147,250	127,606	127,606
Industrials	86,990	86,990	93,702	93,702
Real estate	29,471	29,471	29,215	29,215
Technology	63,306	63,306	62,869	62,869
Utilities	33,534	33,534	32,862	32,862
Mutual funds				
Ultrashort bond	856,543	856,543	1,161,442	1,161,442
Foreign large blend	134,127	134,127	149,722	149,722
Foreign large growth	114,793	114,793	144,424	144,424
Intermediate core bond	410,450	410,450	545,582	545,582
Large growth	478,349	478,349	528,692	528,692
Mid-cap blend	257,894	257,894	273,229	273,229
Emerging markets bond	71,386	71,386	103,327	103,327
Short term bond	654,648	654,648	889,384	889,384
Multisector bond	301,815	301,815	353,151	353,151
	\$ 3,979,885	\$ 3,979,885	\$ 4,844,940	\$ 4,844,940

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For applicable investments, the Organization will value such assets using quoted market prices in active markets (Level 1) for identical assets to the extent possible. To the extent that such markets are not available, the Organization will next attempt to value such assets using observable measurement criteria (Level 2), including quoted market prices of similar assets 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).

The 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, 2022 and 2021.

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.

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, 2022 and 2021, 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% of its total revenue from two donors for each of the years ended May 31, 2022 and 2021. Approximately 73% and 81% of government contracts receivable is due from two and one agencies at May 31, 2022 and 2021, respectively.

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 statements 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, 2022 and 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>2022</u>	<u>2021</u>
Financial assets at year end		
Cash and cash equivalents	\$ 1,767,789	\$ 2,579,704
Investments - other	3,651,885	4,516,940
Government contracts receivable	1,306,038	835,472
Contributions receivable, net	1,878,339	1,114,179
Attorney fee awards receivable, net	<u>157,609</u>	<u>144,175</u>
Total financial assets	<u>8,761,660</u>	<u>9,190,470</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	(1,299,120)	(1,599,120)
Litigation Fund	<u>(125,812)</u>	<u>(137,322)</u>
Total financial assets unavailable	<u>(2,032,106)</u>	<u>(2,343,616)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 6,729,554</u>	<u>\$ 6,846,854</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>2022</u>		<u>2021</u>	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Exchange-traded funds	\$ 699,880	\$ 420,000	\$ 695,987	\$ 420,000
Mutual funds	<u>3,280,005</u>	<u>3,005,676</u>	<u>4,148,953</u>	<u>3,573,014</u>
	<u>\$ 3,979,885</u>	<u>\$ 3,425,676</u>	<u>\$ 4,844,940</u>	<u>\$ 3,993,014</u>

Investment income (loss) was comprised of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 87,434	\$ 79,356
Net realized and unrealized (losses) gains	(306,490)	640,339
Investment fees	<u>(32,811)</u>	<u>(31,949)</u>
	<u>\$ (251,867)</u>	<u>\$ 687,746</u>

6. CONTRIBUTIONS RECEIVABLE

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

	<u>2022</u>	<u>2021</u>
Annual Law Firm Campaign	\$ 355,500	\$ 295,000
Special Events	905,350	403,450
Board Member	211,032	190,276
Foundations	583,781	248,031
Other	75,176	29,922
Partnering for Justice Campaign	<u>-</u>	<u>117,251</u>
Total contributions receivable	2,130,839	1,283,930
Allowance for uncollectible contributions	<u>(52,500)</u>	<u>(169,751)</u>
Contributions receivable, net	2,078,339	1,114,179
Contributions receivable less than one year	<u>1,878,339</u>	<u>1,114,179</u>
Contributions receivable in one to five years	<u>\$ 200,000</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 13, 2023. 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, 2022 and 2021.

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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 Coronavirus Aid, Relief, and Economic Security Act (“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 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. 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 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.

The PPP Loans may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loans at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loans were disbursed (“Covered Period”), and otherwise satisfied PPP requirements. The Organization concluded that the PPP Loans should be accounted for as a government grant since it concluded that it would meet the terms of forgiveness. 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. The Organization recognized a proportionate amount of PPP Loan 1 grant income of \$-0- and \$463,010 for the years ended May 31, 2022 and 2021, respectively, in the accompanying statements of activities. The Organization recognized a proportionate amount of PPP Loan 2 grant income of \$467,459 and \$209,550 for the years ended May 31, 2022 and 2021, respectively, in the accompanying statements of activities.

On August 31, 2021, the Organization received forgiveness for the full amount of the PPP Loan 1. On February 11, 2022, the Organization received forgiveness for the full amount of the PPP Loan 2.

9. EMPLOYEE BENEFIT PLAN

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, 2022 and 2021 amounted to \$225,284 and \$216,910, 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>2022</u>	<u>2021</u>
Without donor restrictions		
General operations	\$ 5,343,746	\$ 4,943,902
Board-designated reserve	<u>607,174</u>	<u>607,174</u>
Total without donor restrictions	<u>\$ 5,950,920</u>	<u>\$ 5,551,076</u>

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	<u>2022</u>	<u>2021</u>
With donor restrictions		
Program		
Taconic Fund	\$ 1,299,120	\$ 1,599,120
Litigation Fund	125,812	137,322
Environmental Justice	363,332	141,500
Disability Justice	223,000	196,000
Health Justice	175,834	133,335
Other	9,400	-
Time restriction	166,000	200,000
Endowment		
Disadvantaged Law Student Scholarships	83,574	105,917
Felix Fishman Award	<u>309,018</u>	<u>346,446</u>
Total with donor restrictions	<u>\$ 2,755,090</u>	<u>\$ 2,859,640</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 \$649,455 and \$756,029 for the years ended May 31, 2022 and 2021, respectively. Deferred rent of \$348,344 and \$362,344 at May 31, 2022 and 2021, 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. There were renovation made to the space by the landlord. NYLPI is in negotiations with the landlord over the completion date of renovations and the amount the landlord owes NYLPI in penalties under the lease agreement. With respect to the rent dispute between NYLPI and its landlord at 151 West 30th Street, New York, New York, NYLPI believes that of the statement of financial position date the landlord owes NYLPI a total of approximately \$170,000. NYLPI has been advised that the landlord's position is that as of the statement of financial position date NYLPI owes the landlord a total of approximately \$360,000.

Subleasing of a portion of the additional space under short-term leases generated rental income of \$133,769 and \$122,765 for the years ended May 31, 2022 and 2021, respectively. Deferred rent of \$(9,744) at May 31, 2022, respectively is comprised of the difference between the rent income under the terms of the lease and the rent income being recorded on a straight-line basis as required.

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

2023	\$ 751,492
2024	770,280
2025	789,537
2026	809,261
2027	829,497
Thereafter	<u>2,088,599</u>
	<u>\$ 6,038,666</u>

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12. COMMITMENTS AND CONTINGENCIES

At May 31, 2022, the Organization had remaining available award balances on government conditional grants and contracts for sponsored projects of \$2,729,700. 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) and 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 accounting principles generally accepted 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 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.

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

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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>2022</u>	<u>2021</u>
Donor restricted "true" endowment		
Historical gift value	\$ 328,000	\$ 328,000
Appreciation	64,592	124,364
Endowment net assets, May 31	<u>\$ 392,592</u>	<u>\$ 452,364</u>

Changes in endowment net assets as of May 31, 2022 and 2021 are as follows:

	<u>2022</u> <u>With Donor</u> <u>Restrictions</u>	<u>2021</u> <u>With Donor</u> <u>Restrictions</u>
Endowment net assets, June 1	\$ 452,364	\$ 347,033
Investment return	8,498	6,828
Appreciation	(52,670)	107,129
Amounts appropriated for expenditure	<u>(15,600)</u>	<u>(8,626)</u>
Endowment net assets, May 31	<u>\$ 392,592</u>	<u>\$ 452,364</u>

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 COVID-19 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 February 3, 2023, 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.