

COMMUNITY LEGAL AID SOCAL

FINANCIAL STATEMENTS

YEARS ENDED
JANUARY 31, 2021 AND 2020

COMMUNITY LEGAL AID SOCIAL

FINANCIAL STATEMENTS

**YEARS ENDED
JANUARY 31, 2021 AND 2020**

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WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**AUDIT
AND
ASSURANCE**

INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors
Community Legal Aid SoCal

Report on the Financial Statements

We have audited the accompanying financial statements of Community Legal Aid SoCal, which comprise the statement of financial position as of January 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of Community Legal Aid SoCal as of and for the year ended January 31, 2020, were audited by other auditors whose report dated July 7, 2020 expressed an unmodified opinion on those 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 Community Legal Aid SoCal as of January 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Boards of Directors
Community Legal Aid SoCal

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Schedules, as listed in the table of contents, as required by *LSC Audit Guide for Recipients*, and the Schedule of Expenditures of Federal and Non-Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2021 on our consideration of Community Legal Aid SoCal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Legal Aid SoCal's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

May 28, 2021
Los Angeles, California

COMMUNITY LEGAL AID SOCIAL

STATEMENT OF FINANCIAL POSITION January 31

	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 4,585,639	\$ 2,224,622
Time Deposits	-	250,000
Client Trust Deposits	4,977	5,021
Contributions Receivable	1,005,049	949,400
Other Receivables	12,358	44,350
Prepaid Expenses and Other Assets	82,342	70,906
Total Current Assets	5,690,365	3,544,299
Non-Current Assets:		
Land, Buildings, Furniture and Equipment (Net)	5,502,905	5,707,621
Law Library (Net)	-	-
Total Non-Current Assets	5,502,905	5,707,621
TOTAL ASSETS	\$ 11,193,270	\$ 9,251,920
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 409,470	\$ 105,180
Accrued Vacation	392,492	276,376
Client Trust Liability	5,000	5,021
Current Portion of Mortgage Notes Payable	155,542	147,811
Deferred Revenue	809,911	938
Total Current Liabilities	1,772,415	535,326
Long-Term Liabilities		
Mortgage Notes Payable	2,778,652	2,934,185
Total Long-Term Liabilities	2,778,652	2,934,185
TOTAL LIABILITIES	4,551,067	3,469,511
NET ASSETS:		
Without Donor Restrictions:		
Undesignated	4,722,815	250,000
Designated for Reserve	-	4,410,612
Total Without Donor Restrictions	4,722,815	4,660,612
With Donor Restrictions:		
Legal Services Corporation	1,919,388	760,451
Other	-	361,346
Total With Donor Restrictions	1,919,388	1,121,797
TOTAL NET ASSETS	6,642,203	5,782,409
TOTAL LIABILITIES AND NET ASSETS	\$ 11,193,270	\$ 9,251,920

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

COMMUNITY LEGAL AID SOCIAL

STATEMENT OF ACTIVITIES
Year Ended January 31, 2021

	Without Donor Restrictions	LSC	With Donor Restrictions		Subtotal	Total
			IOLTA	Equal Access		
REVENUE AND SUPPORT:						
Contributions - Grants	\$ 3,495,309	\$ 4,289,890	\$ 739,576	\$ 461,687	\$ 5,491,153	\$ 8,986,462
Contributions-Telework Grants - LSC	-	25,000	-	-	25,000	25,000
Contributions - Probono Grant - LSC	-	189,783	-	-	189,783	189,783
Contributions - COVID-19 Grant	-	546,458	-	-	546,458	546,458
Investment Return (Net)	4,783	2,927	-	-	2,927	7,710
Donated Services	184,653	33,566	-	-	33,566	218,219
Paycheck Protection Program Grant	1,726,899	-	-	-	-	1,726,899
Contributions - Other	136,793	-	-	-	-	136,793
Special Events (Net of Direct Donor Benefits of \$8,414)	83,635	-	-	-	-	83,635
Rental Income	900	-	-	-	-	900
Referral Fees and Miscellaneous	615,843	-	-	-	-	615,843
Net Assets Released from Donor Restrictions	5,491,296	(3,928,687)	(1,006,540)	(556,069)	(5,491,296)	-
TOTAL SUPPORT AND REVENUE	11,740,111	1,158,937	(266,964)	(94,382)	797,591	12,537,702
EXPENSES:						
Legal Services	9,238,150	-	-	-	-	9,238,150
Supporting Services:						
Administrative	2,358,008	-	-	-	-	2,358,008
Fundraising	81,750	-	-	-	-	81,750
TOTAL OPERATING EXPENSES	11,677,908	-	-	-	-	11,677,908
CHANGE IN NET ASSETS	62,203	1,158,937	(266,964)	(94,382)	797,591	859,794
Net Assets - Beginning of Year	4,660,612	760,451	266,964	94,382	1,121,797	5,782,409
NET ASSETS - END OF YEAR	\$ 4,722,815	\$ 1,919,388	\$ -	\$ -	\$ 1,919,388	\$ 6,642,203

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

COMMUNITY LEGAL AID SOCIAL

STATEMENT OF ACTIVITIES
Year Ended January 31, 2020

	Without Donor Restrictions	LSC	With Donor Restrictions		Subtotal	Total
			IOLTA	Equal Access		
REVENUE AND SUPPORT:						
Contributions - Grants	\$ 4,360,078	\$ 4,393,139	\$ 1,054,140	\$ 925,186	\$ 6,372,465	\$ 10,732,543
Contributions-Telework Grants - LSC TIG	-	68,498	-	-	68,498	68,498
Contributions - Probono Grant - LSC	-	180,542	-	-	180,542	180,542
Contributions - Leadership Grant	-	8,538	-	-	8,538	8,538
Investment Return (Net)	13,641	12,913	-	-	12,913	26,554
Donated Services	337,862	322,443	-	-	322,443	660,305
Contributions - Other	61,380	-	-	-	-	61,380
Special Events (Net of Direct Donor Benefits of \$23,279)	23,075	-	-	-	-	23,075
Rental Income	7,200	-	-	-	-	7,200
Referral Fees and Miscellaneous	365,936	-	-	-	-	365,936
Net Assets Released from Donor Restrictions	6,592,119	(4,991,112)	(792,810)	(808,197)	(6,592,119)	-
TOTAL SUPPORT AND REVENUE	11,761,291	(5,039)	261,330	116,989	373,280	12,134,571
EXPENSES:						
Legal Services	8,683,655	-	-	-	-	8,683,655
Supporting Services:						
Administrative	1,967,126	-	-	-	-	1,967,126
Fundraising	44,091	-	-	-	-	44,091
TOTAL OPERATING EXPENSES	10,694,872	-	-	-	-	10,694,872
CHANGE IN NET ASSETS	1,066,419	(5,039)	261,330	116,989	373,280	1,439,699
Net Assets - Beginning of Year	3,594,193	765,490	5,634	(22,607)	748,517	4,342,710
NET ASSETS - END OF YEAR	\$ 4,660,612	\$ 760,451	\$ 266,964	\$ 94,382	\$ 1,121,797	\$ 5,782,409

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

COMMUNITY LEGAL AID SOCIAL

STATEMENT OF FUNCTIONAL EXPENSES Year Ended January 31, 2021

		Support Services			
	Legal Services	Administrative	Fundraising	Total Support Services	Total
Lawyers	\$ 3,422,586	\$ 213,662	\$ -	\$ 213,662	\$ 3,636,248
Paralegals	1,924,987	-	-	-	1,924,987
Other Non-Lawyers	378,443	1,368,476	66,602	1,435,078	1,813,521
Donated Services	218,219	-	-	-	218,219
Employee Benefits	1,349,132	427,177	15,148	442,325	1,791,457
TOTAL PERSONNEL COST	7,293,367	2,009,315	81,750	2,091,065	9,384,432
Auditing and Accounting	47,088	13,870	-	13,870	60,958
Conference Travel	57,740	-	-	-	57,740
Dues and Fees	66,451	-	-	-	66,451
Equipment Rental	1,198	3,485	-	3,485	4,683
Insurance	55,778	16,429	-	16,429	72,207
Interest	112,878	33,248	-	33,248	146,126
Local Travel	9,105	-	-	-	9,105
Library	65,574	-	-	-	65,574
Litigation	22,709	-	-	-	22,709
Office Equipment	67,764	20,453	-	20,453	88,217
Office Rent and Maintenance	147,021	45,694	-	45,694	192,715
Office Supplies and Maintenance	71,129	16,466	-	16,466	87,595
Other	465,926	98,039	-	98,039	563,965
Private Attorney Involvement:	-	-	-	-	-
Contract Service to Personnel/Program	405,313	-	-	-	405,313
Special Event (Venue and Other)	-	-	8,414	8,414	8,414
Support to PLC	3,030	-	-	-	3,030
Telephone	181,724	53,263	-	53,263	234,987
Total Expenses Before Depreciation	9,073,795	2,310,262	90,164	2,400,426	11,474,221
Depreciation	164,355	47,746	-	47,746	212,101
Total Expenses	\$ 9,238,150	\$ 2,358,008	\$ 90,164	\$ 2,448,172	\$ 11,686,322
Less Direct Donor Expenses Netted Against Special Event Revenue	-	-	(8,414)	(8,414)	(8,414)
TOTAL FUNCTIONAL EXPENSES	\$ 9,238,150	\$ 2,358,008	\$ 81,750	\$ 2,439,758	\$ 11,677,908

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

COMMUNITY LEGAL AID SOCIAL

STATEMENT OF FUNCTIONAL EXPENSES **Year Ended January 31, 2020**

		Support Services			
	Legal Services	Administrative	Fundraising	Total Support Services	Total
Lawyers	\$ 2,554,848	\$ 165,577	\$ -	\$ 165,577	\$ 2,720,425
Paralegals	1,670,682	-	-	-	1,670,682
Other Non-Lawyers	441,743	1,026,021	35,289	1,061,310	1,503,053
Donated Services	660,305	-	-	-	660,305
Employee Benefits	1,238,604	321,731	8,802	330,533	1,569,137
TOTAL PERSONNEL COST	6,566,182	1,513,329	44,091	1,557,420	8,123,602
Auditing and Accounting	22,110	5,736	-	5,736	27,846
Conference Travel	77,197	20,028	-	20,028	97,225
Dues and Fees	47,026	12,201	-	12,201	59,227
Equipment Rental	4,103	1,064	-	1,064	5,167
Insurance	63,485	16,471	-	16,471	79,956
Interest	121,235	31,454	-	31,454	152,689
Library	76,464	-	-	-	76,464
Litigation	17,130	-	-	-	17,130
Office Rent and Maintenance	144,428	37,471	-	37,471	181,899
Office Supplies and Maintenance	206,234	53,506	-	53,506	259,740
Other	347,659	90,199	-	90,199	437,858
Pro Bono Grant - LSC	192,026	-	-	-	192,026
Private Attorney Involvement:	-	-	-	-	-
Contract Service to Personnel/Program	372,794	96,720	-	96,720	469,514
Program Travel	29,383	7,623	-	7,623	37,006
Special Event (Venue and Other)	-	-	23,279	23,279	23,279
Support to PLC	15,290	-	-	-	15,290
Technology Grant - LSC TIG National	67,456	-	-	-	67,456
Telephone	156,979	40,727	-	40,727	197,706
Total Expenses Before Depreciation	8,527,181	1,926,529	67,370	1,993,899	10,521,080
Depreciation	156,474	40,597	-	40,597	197,071
Total Expenses	\$ 8,683,655	\$ 1,967,126	\$ 67,370	\$ 2,034,496	\$ 10,718,151
Less Direct Donor Expenses					
Netted Against Special Event Revenue	-	-	(23,279)	(23,279)	(23,279)
TOTAL FUNCTIONAL EXPENSES	\$ 8,683,655	\$ 1,967,126	\$ 44,091	\$ 2,011,217	\$ 10,694,872

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

COMMUNITY LEGAL AID SOCIAL

STATEMENT OF FINANCIAL POSITION Year Ended January 31

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 859,794	\$ 1,439,699
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by Operating Activities:		
Depreciation	212,101	197,071
Paycheck Protection Program Grant	(1,726,899)	-
(Increase) Decrease in:		
Client Trust Deposits	44	50,000
Contributions Receivable	(44,938)	(180,003)
Other Receivables	21,198	93,650
Prepaid Expenses and Other Assets	(11,435)	(15,849)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	270,323	(200,711)
Accrued Vacation	150,142	(21,651)
Client Trust Liability	-	(49,979)
Deferred Revenue	808,973	(823,364)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 539,303	\$ 488,863
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(7,384)	(96,890)
Sale of Time Deposits	250,000	750,000
NET CASH PROVIDED BY INVESTING ACTIVITIES	242,616	653,110
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Notes Payable	(147,801)	(141,239)
Proceeds from PPP Loan	1,726,899	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,579,098	(141,239)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,361,017	1,000,734
Cash and Cash Equivalents - Beginning of Year	2,224,622	1,223,888
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,585,639	\$ 2,224,622
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	\$ 146,126	\$ 152,689

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 1 - NATURE OF ORGANIZATION

Founded in 1958, Community Legal Aid SoCal (CLA SoCal) is a 501(c)(3) non-profit organization whose mission is to provide free civil legal services to low-income individuals and seniors and to promote equal access to the justice system through advocacy, legal counseling, innovative self-help services, in-depth legal representation, and community education. In 1984, CLA SoCal was awarded the Legal Services Corporation contract to provide legal services in Southeast Los Angeles County. CLA SoCal's client community consists of individuals whose incomes fall below 125% to 200% of the federal poverty threshold and those over the age of 60. CLA SoCal's programs and services are provided throughout Orange County and Southeast Los Angeles County and are aimed at 1) providing support for the family; 2) preserving the home; 3) maintaining economic stability; 4) ensuring safety, stability and health; 5) assisting populations with special vulnerabilities; 6) continuing the delivery of legal services (including direct representation); and 7) giving advice, counsel and referrals. CLA SoCal also provides assistance in the areas of housing and landlord/tenant Issues, government benefits, issues related to children with special education needs, consumer problems, foreclosure, and bankruptcy.

CLA SoCal receives funding from various sources, primarily: (1) the federal Legal Services Corporation (LSC) which requires services, including general legal assistance, to be provided to the indigent, (2) the State Bar of California (State Bar) which permits general legal assistance to the indigent, socially disadvantaged and senior citizens, and (3) the Senior Advocacy Program (Seniors) is funded by the County of Orange which requires general legal assistance to be provided to economically or socially disadvantaged senior citizens. Other sources of funding are derived from other Federal, State, County, and Local grants, in addition to grant awards from private foundations, to further promote the mission and programs of CLA SoCal.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The financial statements of Community Legal Aid of SoCal have been prepared utilizing the accrual basis of accounting.

(b) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions.** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing primary objectives of CLA SoCal. These net assets may be used at the discretion of CLA SoCal's management and the board of directors.

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) NET ASSETS (continued)

- **Net Assets With Donor Restrictions.** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CLA SoCal or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at January 31, 2021 approximates its fair value.

(d) TIME DEPOSIT

CLA SoCal had a balance of \$250,000 on a certificate of deposit, as of January 31, 2020. The certificate of deposit matures on April 20, 2020, with an interest rate of 1.85 percent per annum.

On April 20, 2020 CLA SoCal's certificate of deposit matured and was converted to cash as of January 31, 2021.

(e) CONTRIBUTION RECEIVABLES AND REVENUE RECOGNITION

CLA SoCal recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions are recorded at fair value, and in the case of pledges, are recorded at the present value of their estimated future cash flows. At January 31, 2021 and 2020, all contributions were expected to be collected within the next fiscal year, and, as a result, no discount for contributions receivable was recorded.

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) CONTRIBUTION RECEIVABLES AND REVENUE RECOGNITION (continued)

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

A portion of CLA SoCal's revenue is derived from fee-for-service and cost reimbursement grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Such grants are generally considered nonreciprocal transactions restricted by the awarding agencies for certain purposes. Amounts received are recognized as revenue when CLA SoCal has satisfied the specific performance requirements or incurred expenditures in compliance with specific contract or grant provisions. CLA SoCal has elected to adopt a policy whereby donor-restricted contributions, whose restrictions are met in the same reporting period, are recognized as revenue without donor restrictions. Amounts received prior to incurring qualifying expenditures or fulfilling the specific performance obligations are reported as deferred revenues in the statement of financial position.

The carrying value of receivables, net of the reserve for doubtful accounts, if any, represents their estimated net realizable value. The reserve for doubtful accounts, if any, is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the reserve is adjusted accordingly. Past due balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. At January 31, 2021 and 2020, CLA SoCal has determined all contribution receivable balances to be collectible and, as a result, no reserve for uncollectible contribution receivable was established.

(f) CONCENTRATIONS

CLA SoCal maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. CLA SoCal has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

The contributions receivable balance outstanding at January 31, 2021 and 2020 consists primarily of government contract receivables due from governmental granting agencies. Concentration of credit risk with respect to trade receivables is limited as the majority of the CLA SoCal's receivables consist of earned fees from contracts granted by governmental agencies.

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) CONCENTRATIONS (continue)

CLA SoCal also receives multi-year grant funding from various sources which are recorded in the period pledged. However, expenditures related to those grants can occur over several years. As a result, timing differences are created which can have an effect on changes in net assets.

During the year ended January 31, 2021 and 2020, CLA SoCal earned \$5,054,058 (38% of total revenue) and \$4,650,717 (41% of total revenue), respectively, under LSC funding for various legal program services. CLA SoCal anticipates that it will continue to run these programs. There can be no assurance that CLA SoCal will be able to obtain future grant agreements upon the expiration of the current term of the contracts. It is the intent of CLA SoCal to bid for LSC funding through December 31, 2022. Actual funding amounts are dependent upon amounts allocated by the United States Congress to LSC. No amounts have been recorded as pledges receivable for any amount of grant awards from LSC.

(g) LAND, BUILDINGS, FURNITURE AND EQUIPMENT, AND LAW LIBRARY

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations are recorded as net assets with donor restrictions' otherwise, the contributions are recorded as net assets without donor restrictions.

The estimated useful lives are as follows:

Buildings and Improvements	40 Years
Furniture and Equipment	3-10 Years
Leasehold Improvements	5 Years
Law Library	3-5 Years
Software	3-5 Years
Land	N/A

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) LONG-LIVED ASSETS

CLA SoCal reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended January 31, 2021 and 2020.

(i) DEFERRED REVENUES

Grant funds are recognized as revenue in accordance with the term of the grants and when funds are expended for grant purposes. In terms of the contracts, these funds are entitled to be retained as a reserve to be used to benefit these programs in future years.

(j) PAYCHECK PROTECTION PROGRAM

Management has elected to account for the forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a conditional government grant. Management has concluded that the PPP loan represents, in substance, a grant that is expected to be recognized as revenue when the associated conditions are met. Under this approach, the timing of recognition of the contribution revenue depends on when the various conditions of the PPP are substantially met or explicitly waived.

(k) DONATED SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, were provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions of \$218,219 and \$660,305 were received during the year ended January 31, 2021 and 2020, respectively, which satisfied the criteria for recognition.

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) FUNCTIONAL EXPENSE ALLOCATIONS

The costs of providing CLA SoCal's programs and other activities have been presented in the consolidated statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. CLA SoCal uses proportion of direct salaries to total salaries, time and effort, and square footage as the basis for allocation of indirect costs.

(m) INCOME TAXES

CLA SoCal is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic 740, *Uncertainty in Income Taxes*, CLA SoCal recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended January 31, 2021 and 2020, CLA SoCal performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the consolidated financial statements or which might have an effect on its tax-exempt status.

(n) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

(o) REVENUE FROM CONTRACTS WITH CUSTOMERS

CLA SoCal's revenues from contracts with customers are generated from membership dues, attorney referral and legal settlement services.

- Membership dues revenue are recognized over the membership and registration periods, which are generally one year. The performance obligation consists of providing members access to continuing legal education sessions, certain publications, and other information, and is recognized ratably as services are simultaneously received and consumed by the members.

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

- Revenue derived from lawyer referral consists of providing referral services to customers for representation in cases. Payment is contingent on cases closing or settling. As a result, revenue is recognized at a point in time, when payment is received from the referred lawyer or related law firm after the case is closed or settled. The service does not create an asset with an alternative use for CLA SoCal.
- The performance obligation for legal settlement services consists of providing legal services to customers during a one-time session or a series of sessions for a legal settlement. The payment for services rendered is dependent on the settlement award, and is typically not agreed upon prior to entering into services. As a result, revenues for the performance obligation is recognized at a point in time, when the award is paid. The service does not create an asset with an alternative use for CLA SoCal.

(p) MESAURE OF OPERATIONS

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to CLA SoCal's ongoing program services and interest and deposits. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. CLA SoCal had no nonoperating activities for the year ended January 31, 2021 and 2020.

(q) NEW ACCOUNTING PRONOUNCEMENTS

In June 2018, FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. CLA SoCal implemented the ASU during the year ended January 31, 2020. There was no significant impact to CLA SoCal's financial statements as a result of implementation of the ASU.

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS January 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of U.S. GAAP and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions and various other narrow aspects, as identified and addressed in such updates. CLA SoCal implemented the ASU and subsequent amendments during the year ended January 31, 2021. As part of the adoption, CLA SoCal elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. There was no significant impact on CLA SoCal's financial statements as a result of the implementation of this ASU.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For CLA SoCal, the ASU will be effective for the year ending January 31, 2023.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the financial statements. For CLA SoCal, the ASU will be effective for the year ending January 31, 2022.

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) SUBSEQUENT EVENTS

CLA SoCal has evaluated events and transactions occurring subsequent to the statement of financial position date of January 31, 2021 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through May 28, 2021, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as noted in Note 5 and Note 10.

NOTE 3 - SUMMARY OF GRANT FUNDING

A summary of CLA SoCal's grant revenues for the year ended January 31, 2021 were summarized as follows:

	2021	2020
LSC - Basic Grant	\$ 4,289,890	\$ 4,393,139
LSC - Probono and COVID-19 Grants	761,241	-
County of Los Angeles - CalWORKS	553,068	559,622
Health Consumer Alliance	397,179	505,128
State Bar - Equal Access and EA Partnership	461,687	925,186
State Bar - IOLTA	739,576	1,054,140
Title IIIIB Office on Aging - Senior Advocacy	383,391	363,663
SB Community Development and Foreclosure	83,335	936,614
CAL OES and Rainbow	852,094	706,347
Neighborhood Legal Service - Self Help Center	129,545	159,471
Small Claims Court Orange County	132,920	130,094
LAV Human Options and Rainbow	238,127	119,687
IRS Low Income - Tax Payer Clinic	54,143	56,059
Other Grants	671,510	823,393
TOTAL	\$ 9,747,703	\$ 10,732,543

CLA SoCal received various other cost-reimbursement grants totaling \$671,510 and \$823,393, during the year ended January 31, 2021 and 2020, respectively, from the Cities of Irvine, Compton, Santa Ana, and Norwalk, and various other grantors.

CLA SoCal also received technology, pro bono, and COVID-19 grants from LSC in the amounts of \$25,000, \$189,783, and \$546,458, respectively, for the year ended January 31, 2021. CLA SoCal also received technology, pro bono, and leadership grants from LSC in the amounts of \$68,498, \$180,542, and \$8,538, respectively, for the year ended January 31, 2020.

Grants receivable from the various granting agencies as of January 31, 2021 and 2020 was \$1,005,049 and \$949,400, respectively.

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS January 31, 2021 and 2020

NOTE 4 - LAND, BUILDINGS, FURNITURE AND EQUIPMENT AND LAW LIBRARY

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year.

Land, buildings, furniture and equipment and law library consisted of the following at January 31, 2021:

	2021	2020
Land	\$ 3,127,281	\$ 3,127,287
Leasehold Improvements	2,185,016	2,185,016
Building	1,521,142	1,521,142
Furniture and Equipment	1,985,478	1,978,093
Software (I-CAN)	-	1,498,893
TOTAL	8,818,917	10,310,435
Less: Accumulated Depreciation	(3,316,012)	(4,602,804)
PROPERTY AND EQUIPMENT (NET)	\$ 5,502,905	\$ 5,707,621
Law Library	\$ 323,795	\$ 323,795
Less: Accumulated Depreciation	(323,795)	(323,795)
LAW LIBRARY (NET)	\$ -	\$ -

Total depreciation expenses for the year ended January 31, 2021 and 2020 was \$212,101 and \$197,071, respectively.

Improvements, furniture and equipment and law library purchased with LSC funds consisted of the following at January 31, 2021 and 2020:

	LSC	
	2021	2020
Leasehold Improvements	\$ 119,111	\$ 106,859
Furniture and Equipment	1,394,543	1,399,410
Accumulated Depreciation	(1,399,776)	(1,340,669)
PROPERTY AND EQUIPMENT (NET)	\$ 113,878	\$ 165,600
Law Library	\$ 279,042	\$ 279,042
Accumulated Depreciation	(279,042)	(279,042)
LAW LIBRARY (NET)	\$ -	\$ -

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 5 - PRIVATE ATTORNEY INVOLVEMENT AND LSC FUND NET ASSETS

LSC requires that an amount equal to 12.5% of its current grant be utilized for Private Attorney Involvement (PAI). To meet this requirement, CLA SoCal is involved in a private attorney program in Orange County and southeast Los Angeles in addition to its contracts with Public Law Center, and Community Lawyers, Inc. CLA SoCal's private attorney involvement requirement and the related expenses during the year ended January 31, 2021 and 2020 are summarized as follows:

	2021	2020
LSC basic grant revenue recognized	\$ 4,289,890	\$ 4,393,139
PAI % Requirement	12.5%	12.5%
LSC PAI Requirement	536,236	549,142
LSC PAI Expenses:		
Personnel salaries (lawyers, paralegals, clerical)	213,329	241,198
Payroll taxes and employee benefits	62,173	57,618
Private attorney contracts, bankruptcy, insurance	13,733	41,862
Other PAI Activities	21,041	31,865
TOTAL LSC PAI EXPENSES	\$ 310,276	\$ 372,543
Eligible Non-LSC fund PAI expenses:		
Personnel salaries (lawyers, paralegals, clerical)	115,578	118,794
Public Law Center	3,030	15,290
Other PAI Contracts	500	48,791
TOTAL PAI EXPENSES	429,384	182,875
Net Funds expended in (excess) of requirement	\$ 106,852	\$ 555,418

During the year ended January 31, 2020, PAI net expenses amounted to \$6,276 in excess of the 12.5% PAI requirement, hence, the requirement was met. During the year ended January 31, 2021, PAI net expenses amounted to \$106,852, under the 12.5% PAI requirement. CLA SoCal submitted a request for a waiver in January 2021 and subsequently granted approval by LSC in February 2021.

LSC also requires that it be advised of any net asset (i.e. fund balance) amount in excess of 10% of support in accordance with 45 CFR 1628.2a. In the LSC fund, LSC net assets exceeded the 10% of support requirement by 17.98%, or \$1,413,982, for the year ended January 31, 2021 and by 0.17%, or \$7,324, for the year ended January 31, 2020. The excess funds in fiscal year 2020 were carried over to fiscal year 2021 which was authorized by LSC and which were spent prior to the 2021 basic grant.

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NOTES TO THE FINANCIAL STATEMENTS January 31, 2021 and 2020

NOTE 6 - LINE OF CREDIT

CLA SoCal has a revolving line of credit with a bank in the amount of \$250,000, which is secured by a second lien on real property (Santa Ana #1), at an interest rate equal to the prime index rate, plus a 0.0% margin or the floor rate of 4%, whichever is greater. The line matures on December 10, 2021. CLA SoCal had no outstanding amount on the line of credit at January 31, 2021 and 2020, and the entire amount of the line is available. At January 31, 2021 and 2020, the Bank's prime rate was 3.25% and 4.75%, respectively.

NOTE 7 - MORTGAGE NOTES PAYABLE

During fiscal year 2015, CLA SoCal entered into a mortgage note payable in the amount of \$607,500 with a financial institution for the acquisition of certain real property, as well as, refinanced its three other mortgage notes with the same financial institution. As of January 31, 2021 and 2020, the total mortgage notes payable for the four notes was \$2,934,194 and \$3,223,235, respectively. The notes are all collateralized by first trust deeds on the four respective buildings in Compton, Norwalk, Santa Ana #1 and Santa Ana #2. Each note has a 20 year term and a fixed interest rate ranging from 4.66% to 5.01%. The notes are payable in monthly installments of principal and interest, ranging from \$2,540 to \$14,159 with all notes expiring in 2034.

Future maturities of mortgage notes payable as of January 31, 2021 are as follows:

Year ending January 31	COMPTON	NORWALK	SANTA ANA #1	SANTA ANA #2	TOTALS
2022	\$ 23,538	\$ 16,232	\$ 90,486	\$ 25,286	\$ 155,542
2023	24,762	17,015	98,855	26,601	167,233
2024	26,050	17,837	104,043	27,984	175,914
2025	27,352	18,664	109,259	29,383	184,658
2026	28,826	19,599	114,535	30,967	193,927
Thereafter	304,705	219,626	1,205,222	327,367	2,056,920
TOTAL	\$ 435,233	\$ 308,973	\$ 1,722,400	\$ 467,588	\$ 2,934,194
Less Current Portion	(23,538)	(16,232)	(90,486)	(25,286)	(155,542)
LONG TERM PORTION	\$ 411,695	\$ 291,741	\$ 1,631,914	\$ 442,302	\$ 2,778,652

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions and related releases from net assets with donor restrictions consist of the following:

	Net Assets with Donor Restrictions at January 31, 2021	Net Assets Released from Restrictions for the Year Ended January 31, 2021
Subject to Expenditure for Specified Purpose:		
LSC	\$ 1,919,388	\$ 3,928,687
Other Granting Agencies	-	1,562,609
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 1,919,388	\$ 5,491,296
	Net Assets with Donor Restrictions at January 31, 2020	Net Assets Released from Restrictions for the Year Ended January 31, 2020
Subject to Expenditure for Specified Purpose:		
LSC	\$ 760,451	\$ 4,991,112
Other Granting Agencies	361,346	1,601,007
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 1,121,797	\$ 6,592,119

NOTE 9 - REVENUE FROM CONTRACTS WITH CUSTOMERS

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the year ended January 31, 2021:

Performance Obligations Satisfied at a Point in Time	\$ 612,643
Performance Obligations Satisfied Over Time	3,200
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS	\$ 615,843

Revenue from performance obligations satisfied at a point in time consists of lawyer referral, and settlement services. Revenue from performance obligations satisfied over time consists of membership dues.

There were no contract assets or contract liabilities for the year ended January 31, 2021.

COMMUNITY LEGAL AID SOCAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

In May 2020, CLA SoCal applied for and received a PPP loan in the amount of \$1,726,899. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If CLA SoCal does not apply for forgiveness within 10 months after the last day of the covered period (defined, at CLA SoCal's election, as either 8 weeks or 24 weeks), such payments will be due that month.

Subsequent to year end, CLA SoCal applied for forgiveness of the PPP loan and included all eligible expenses incurred during the covered period in their forgiveness application. To the extent that all or part of the PPP loan is not forgiven, CLA SoCal will be required to pay interest on the PPP loan at a rate of 1.0% per annum. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

CLA SoCal has concluded that the PPP loan represents, in substance, a grant that is expected to be forgiven. Consequently it has accounted for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution. CLA SoCal believes it substantially met the conditions for recognition of \$1,726,899 during the year ended January 31, 2021, and this amount is presented as Paycheck Protection Program grant income in the accompanying statement of activities.

In March 2021, CLA SoCal submitted the application for forgiveness of the full amount. In May 2021, the SBA granted approval of the full forgiveness.

NOTE 11 - EMPLOYEE BENEFIT PLAN

CLA SoCal has a defined contribution 401(k) profit sharing plan covering all eligible employees who have completed six months of service and are 18 years or older. Once eligible, participants may begin deferring a portion of their compensation on February 1 or August 1. Employees can contribute up to \$19,500 of pre-tax compensation for calendar years 2021 and 2020, and their contributions are 100% vested. Participants ages 50 or older may elect to defer additional amounts (called "catch-up" contributions). The maximum "catch-up" contribution that can be made is \$6,500 for calendar years 2021 and 2020.

The Retirement Plan is referred to as a "Safe Harbor 401(k) Plan." Employer contributions are fully vested and are referred to as Non-elective Contributions subject to certain Internal Revenue Service limitations. Eligible employees receive an annual Safe Harbor Contribution equal to 3% of their compensation. CLA SoCal may also make a discretionary profit sharing contribution. There was no discretionary contribution during the year ended January 31, 2021. CLA SoCal contributions are made monthly. Total employer contributions were \$290,049 and 226,816 for the year ended January 31, 2021 and 2020, respectively.

COMMUNITY LEGAL AID SOCAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 12 - OTHER EXPENSES

Included in other expenses for the years ended January 31, 2021 and 2020 are the following amounts:

	LSC BASIC GRANT	OTHER FUNDS	2021
Professional Contract Services	\$ 195,481	\$ 130,968	\$ 326,449
Advertising and Marketing Outreach	18,632	2,601	21,233
Miscellaneous Expenses	514	1,223	1,737
Repairs and Maintenance	5,586	2,523	8,109
Publications and Subscriptions	6,801	2,269	9,070
Sundry and Related Items	6,027	5,142	11,169
Taxes and License	-	31,953	31,953
Software License and Consultation	49,781	22,144	71,925
Equipment Rent and Maintenance	5,109	1,471	6,580
Computer and Telephone	-	-	-
Bank and Payroll Processing Fees	29,347	13,546	42,893
Cares Act Ancillary Expenses	-	41,261	41,261
TOTAL	\$ 317,278	\$ 255,101	\$ 572,379

	LSC BASIC GRANT	OTHER FUNDS	2020
Professional Contract Services	\$ 10,306	\$ 84,500	\$ 191,536
Advertising and Marketing Outreach	34,618	11,379	45,997
Miscellaneous	-	42,680	42,680
Repairs and Maintenance	-	3,830	3,830
Publications and Subscriptions	11,165	5,605	16,770
Sundry and Related Items	23,659	8,653	32,312
Taxes and License	84	6,627	6,711
Software License and Consultation	34,821	6,066	40,887
Equipment Rent and Maintenance	-	2,496	2,496
Computer and Telephone	12,426	551	12,997
Bank and Payroll Processing Fees	30,264	11,398	41,662
TOTAL	\$ 254,073	\$ 183,785	\$ 437,858

NOTE 13 - COMMITMENTS AND CONTINGENCIES

(a) LEGAL PROCEEDINGS

In the ordinary course of conducting its business, CLA SoCal becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against CLA SoCal which, from time to time, may have an impact on changes in net assets. CLA SoCal does not believe that these proceedings, individually or in the aggregate, are material to the accompanying financial statements.

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 13 - COMMITMENTS AND CONTINGENCIES (continued)

(b) CONTRACTS

CLA SoCal's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated

(c) OBLIGATIONS UNDER OPERATING LEASES

CLA SoCal leases various equipment under operating leases on a month to month basis. Equipment rent expense for the year ended January 31, 2021 and 2020 was \$4,683 and \$5,167, respectively.

Office rent and maintenance expense of \$192,715 and \$181,899 for the year ended January 31, 2021 and 2020, respectively, includes storage and facility costs, parking, and other office maintenance and repair costs, which are on a month to month basis.

NOTE 14 - COMPLIANCE WITH LAWS AND REGULATIONS

By accepting subrecipient funds from LSC and other federal grants, CLA SoCal is required to comply with certain laws and regulations provided for in the Code of Federal Regulations (45 CFR Part 1600) - Legal Services Corporation Act established by the United States Congress and 2 CFR 200, respectively. Management believes that it has complied with such laws and regulations.

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by CLA SoCal at January 31, 2021 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at January 31, 2021	
Cash and Cash Equivalents	\$ 4,585,639
Contributions Receivable	1,005,049
Other Receivables	<u>12,358</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 5,603,046</u>

COMMUNITY LEGAL AID SOCIAL

NOTES TO THE FINANCIAL STATEMENTS

January 31, 2021 and 2020

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)

CLA SoCal regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. CLA SoCal is substantially supported by government grants and contracts, which can result in CLA SoCal having to carry significant contribution receivable balances. As part of its liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

CLA SoCal also has access to a line of credit, as described in Note 6. The total available amount for borrowing was \$250,000 at January 31, 2021.

During the year ended January 31, 2021, an outbreak of a novel strain of coronavirus (COVID-19) surfaced in the United States and throughout the world. This COVID-19 outbreak has caused business disruption which may negatively impact CLA SoCal's operations and program services delivery. The disruption is expected to be temporary, however there is considerable uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. While CLA SoCal is closely monitoring its operations, liquidity and capital resources, it is also actively working to minimize the current and future impact of this unprecedented situation. The related financial impact and duration of this disruption, however, cannot be reasonably estimated at this time.

COMMUNITY LEGAL AID SOCIAL

SUPPLEMENTARY INFORMATION

YEARS ENDED
JANUARY 31, 2021 AND 2020

COMMUNITY LEGAL AID SOCIAL

Combining Schedule of Financial Position January 31, 2021

	Legal Services Corporation	Senior Advocacy Program	State Bar of California IOLTA	Equal Access	Legal Aid Society Other Grants	Buildings	Eliminations	Total
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 2,066,989	\$ (52,712)	\$ 648,675	\$ 43,391	\$ 1,691,061	\$ 188,235	\$ -	\$ 4,585,639
Client Trust Deposits	21	-	-	-	4,956	-	-	4,977
Contributions Receivable	70,465	84,595	-	54,303	795,686	-	-	1,005,049
Other Receivables	25,836	(245)	(854)	(2,443)	(11,386)	1,450	-	12,358
Prepaid Expenses and Other Assets	72,236	-	-	-	2,813	7,293	-	82,342
Total Current Assets	2,235,547	31,638	647,821	95,251	2,483,130	196,978	-	5,690,365
Non-Current Assets:								
Land, Buildings, Furniture and Equipment (Net)	113,877	-	-	-	9,538	5,379,490	-	5,502,905
Law Library (Net)	-	-	-	-	-	-	-	-
Total Non-Current Assets	113,877	-	-	-	9,538	5,379,490	-	5,502,905
TOTAL ASSETS	\$ 2,349,424	\$ 31,638	\$ 647,821	\$ 95,251	\$ 2,492,668	\$ 5,576,468	\$ -	\$ 11,193,270
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts Payable and Accrued Expenses	\$ 173,928	\$ 14,339	\$ 46,460	\$ 27,458	\$ 141,722	\$ 5,563	\$ -	\$ 409,470
Accrued Vacation	256,108	12,279	57,355	23,548	43,202	-	-	392,492
Client Trust Liability	-	-	-	-	5,000	-	-	5,000
Current Portion of Mortgage Notes Payable	-	-	-	-	-	155,542	-	155,542
Deferred Revenue	-	-	572,679	50,299	186,933	-	-	809,911
Total Current Liabilities	430,036	26,618	676,494	101,305	376,857	161,105	-	1,772,415
Long-term Liabilities								
Mortgage Notes Payable	-	-	-	-	-	2,778,652	-	2,778,652
Total Long-Term Liabilities	-	-	-	-	-	2,778,652	-	2,778,652
TOTAL LIABILITIES	430,036	26,618	676,494	101,305	376,857	2,939,757	-	4,551,067
NET ASSETS:								
Without Donor Restrictions								
Undesignated	-	5,020	(28,673)	(6,054)	2,115,811	2,636,711	-	4,722,815
Designated for Reserve	-	-	-	-	-	-	-	-
Total Without Donor Restrictions	-	5,020	(28,673)	(6,054)	2,115,811	2,636,711	-	4,722,815
With Donor Restrictions								
Legal Services Corporation	1,919,388	-	-	-	-	-	-	1,919,388
Other	-	-	-	-	-	-	-	-
Total With Donor Restrictions	1,919,388	-	-	-	-	-	-	1,919,388
TOTAL NET ASSETS	1,919,388	5,020	(28,673)	(6,054)	2,115,811	2,636,711	-	6,642,203
TOTAL LIABILITIES AND NET ASSETS	\$ 2,349,424	\$ 31,638	\$ 647,821	\$ 95,251	\$ 2,492,668	\$ 5,576,468	\$ -	\$ 11,193,270

See Independent Auditor's Report

COMMUNITY LEGAL AID SOCIAL

Combining Schedule of Financial Activity
Year Ended January 31, 2021

	Legal Services Corporation	Senior Advocacy Program	State Bar of California		Legal Aid Society		Eliminations	Total
			IOLTA	Equal Access	Other Grants	Buildings		
SUPPORT AND REVENUE:								
Contributions - Grants	\$ 4,289,890	\$ 383,390	\$ 739,576	\$ 461,687	\$ 3,111,919	\$ -	\$ -	\$ 8,986,462
Contributions-Telework Grants - LSC	25,000	-	-	-	-	-	-	25,000
Contributions - Probono Grant - LSC	189,783	-	-	-	-	-	-	189,783
Contributions - COVID-19 Grant	546,458	-	-	-	-	-	-	546,458
Investment Return (Net)	2,927	-	-	-	4,783	-	-	7,710
Donated Services	33,566	10,975	-	-	173,678	-	-	218,219
Paycheck Protection Program Grant	-	-	-	-	1,726,899	-	-	1,726,899
Contributions - Other	-	-	-	-	136,793	-	-	136,793
Special Events	-	-	-	-	83,635	-	-	83,635
Rental Income	-	-	-	-	900	634,530	(634,530)	900
Referral Fees and Miscellaneous	-	-	-	-	615,843	-	-	615,843
TOTAL SUPPORT AND REVENUE	5,087,624	394,365	739,576	461,687	5,854,450	634,530	(634,530)	12,537,702
EXPENDITURES								
Personnel Expenses:								
Salaries Attorneys	782,675	184,759	390,965	159,192	2,118,657	-	-	3,636,248
Salaries Paralegals	395,451	75,341	205,863	173,174	1,075,158	-	-	1,924,987
Salaries Others	656,518	35,067	140,194	77,571	904,171	-	-	1,813,521
Donated Services	33,566	10,975	-	-	173,678	-	-	218,219
Fringe Benefits	523,422	69,296	179,459	115,503	903,777	-	-	1,791,457
Total Personnel Expenses:	2,391,632	375,438	916,481	525,440	5,175,441	-	-	9,384,432
Other Expenses:								
Audit and accounting	34,958	-	15,210	3,360	7,430	-	-	60,958
Conference Travel	50,501	-	1,642	539	5,058	-	-	57,740
Depreciation	59,107	-	-	-	9,069	143,925	-	212,101
Dues and Fees	25,417	780	23,445	1	16,613	195	-	66,451
Equipment Rental	3,655	-	416	108	504	-	-	4,683
Insurance	38,293	-	4,245	1,284	12,516	15,869	-	72,207
Interest	-	-	-	-	-	146,126	-	146,126
Library	52,597	804	4,259	1,277	6,637	-	-	65,574
Litigation	18,963	-	1,062	293	2,391	-	-	22,709
Office equipments	50,285	6,853	2,025	794	28,260	-	-	88,217
Office supplies & expenses	60,404	267	4,455	1,454	21,015	-	-	87,595
Office rental and maintenance:								
Space	424,260	9,690	38,592	21,734	160,716	13,848	(634,530)	34,310
Building Maintenance & Expenses	22,425	-	-	-	59,957	76,023	-	158,405
Other	317,278	-	3,920	1,234	209,407	32,126	-	563,965
Private Attorney Involvement	289,235	-	500	-	115,578	-	-	405,313
Program Travel	3,625	535	930	240	3,775	-	-	9,105
Support to Public Law Center	-	-	3,030	-	-	-	-	3,030
Telephone	86,052	-	15,001	4,365	129,569	-	-	234,987
Total Other Expenses	1,537,055	18,929	118,732	36,683	788,495	428,112	(634,530)	2,293,476
TOTAL EXPENDITURES	3,928,687	394,367	1,035,213	562,123	5,963,936	428,112	(634,530)	11,677,908
Change in Net Assets	1,158,937	(2)	(295,637)	(100,436)	(109,486)	206,418	-	859,794
Net Assets - Beginning of the Year	760,451	5,022	266,964	94,382	2,225,297	2,430,293	-	5,782,409
Net Assets - End of the Year	\$ 1,919,388	\$ 5,020	\$ (28,673)	\$ (6,054)	\$ 2,115,811	\$ 2,636,711	\$ -	\$ 6,642,203

See Independent Auditor's Report

COMMUNITY LEGAL AID SOCIAL

Combining Schedule of Financial Activity for LSC Funds Year Ended January 31, 2021

	Basic Field Grant	Carryover*	PAI	Pro Bono, and Covid	Property	Total
SUPPORT AND REVENUE:						
Contributions- Grants	\$ 4,289,890	\$ -	\$ -	\$ -	\$ -	\$ 4,289,890
Contributions-Telework grants - LSC	-	-	-	25,000	-	25,000
Contributions-Pro bono grant - LSC	-	-	-	189,783	-	189,783
Contributions - Covid grant	-	-	-	546,458	-	546,458
Investment Income	2,927	-	-	-	-	2,927
Donated Services	-	-	33,566	-	-	33,566
Revenue PPP - Forgiven	-	-	-	-	-	-
Contributions - Other	-	-	-	-	-	-
Special Events	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-
Referral Fees and Miscellaneous	-	-	-	-	-	-
TOTAL SUPPORT AND REVENUE	4,292,817	-	33,566	761,241	-	5,087,624
EXPENDITURES						
Personnel Expenses:						
Salaries Attorneys	666,638	-	162,064	116,037	-	944,739
Salaries Paralegals	388,698	6,753	7,233	-	-	402,684
Salaries Others	656,518	-	44,032	-	-	700,550
Donated Services	-	-	33,566	-	-	33,566
Fringe Benefits	502,514	571	62,173	20,338	-	585,596
Total Personnel Expenses:	2,214,368	7,324	309,068	136,375	-	2,667,135
Other Expenses:						
Audit and accounting	33,652	-	1,306	-	-	34,958
Conference Travel	48,429	-	-	2,072	-	50,501
Depreciation	-	-	-	-	59,107	59,107
Dues and Fees	25,008	-	-	409	-	25,417
Equipment rental	3,518	-	137	-	-	3,655
Insurance	36,863	-	9,631	-	-	46,494
Interest	-	-	-	-	-	-
Library	52,597	-	-	-	-	52,597
Litigation	18,963	-	-	-	-	18,963
Office supplies & expenses	56,239	-	3,220	945	-	60,404
Office equipment	26,728	-	-	23,557	-	50,285
Office rental and maintenance:						
Space	424,260	-	-	-	-	424,260
Building maintenance & expenses	21,690	-	-	735	-	22,425
Other	304,815	-	11,830	633	-	317,278
Private Attorney Involvement	-	-	5,531	-	-	5,531
Program Travel	3,295	-	-	330	-	3,625
Support to Public Law Center	-	-	-	-	-	-
Telephone	80,381	-	3,119	2,552	-	86,052
Total Other Expenses:	1,136,438	-	34,774	31,233	59,107	1,261,552
TOTAL EXPENDITURES	3,350,806	7,324	343,842	167,608	59,107	3,928,687
Increase (Decrease) in Net Assets	942,011	(7,324)	(310,276)	593,633	(59,107)	1,158,937
Other Changes in Net Assets/ Cash Inflow (Outflow)						
PAI	(310,276)	-	310,276	-	-	-
Purchase of Property and Equipment	(7,384)	-	-	-	7,384	-
Payment of Debt Principal	-	-	-	-	-	-
Transfer of Proceeds from/returned to LSC	-	-	-	-	-	-
Total Changes in Net Assets	624,351	(7,324)	-	593,633	(51,723)	1,158,937
LSC NET ASSETS						
Net Assets - Beginning of the Year	447,929	7,324	-	63,432	249,090	760,451
Net Assets - End of the Year	\$ 1,072,280	\$ -	\$ -	\$ 657,065	\$ 197,367	\$ 1,919,388

* LSC Basic Field Grant net assets exceeded the 10% of support requirement by \$7,324, or 0.17%, for the year ended January 31, 2020. As required by 45CFR 1628.2a, this amount was carried over to fiscal year ended January 31, 2021.

COMMUNITY LEGAL AID SOCIAL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended January 31, 2021

Grantor/Passed Through Grantor/Program or Cluster Title	Federal CFDA Number	Passed Through Entity Identifying Number or Contract Number	Grant Period	Total Award	Program Expenditures from Governmental Revenue	Amounts Paid to Subrecipients
FEDERAL AWARDS						
Legal Services Corporation -Pass-Through Program:						
Legal Services Corporation for Low Income - Basic Grant (a)	09.805310	805310	01/01/2020 - 12/31/2020	\$ 4,249,790	\$ 3,488,179	\$ -
Legal Services Corporation for Low Income - Basic Grant (a)	09.805310	805310	01/01/2021 - 12/31/2021	4,490,404	-	-
Pro Bono Innovation Fund (PBIF) (a)	09.805310	PB18022	10/01/2018 - 09/30/2020	361,083	111,172	-
Pro Bono Innovation Fund (PBIF) (a)	09.805310	PB18022	10/01/2020 - 09/30/2021	208,265	60,622	-
COVID-19 Response Grant (a)	09.805310	CV20122	3/1/2020-9/30/2021	546,458	243,714	-
2020 Telework Capacity Building Grant (a)	09.805310	CVT20117	3/1/2020-8/31/2020	25,000	25,000	-
Subtotal - Legal Services Corporation					3,928,687	-
U.S. Department of Health and Human Services:						
Passed Through:						
Special Programs for the Aging-Title IIIB - Supportive Services and Senior Centers:						
County of Orange Community Services Agency	93.044	35	07/01/2019 - 06/30/2020	306,990	135,648	-
County of Orange Community Services Agency	93.044	35	07/01/2020 - 06/30/2021	330,708	195,700	-
Subtotal-Special Programs for the Aging-Title IIIB					331,348	-
Coronavirus Aid, Relief, and Economic Security Act						
County of Orange Community Services Agency	93.044	N/A	08/2020-09/2021	176,913	63,018	-
Subtotal-County of Orange Community Services Agency					63,018	-
State of California, Community and Senior Services of Los Angeles County:						
CalWORKs - Domestic Violence Supportive Services	93.558	SSC-000026	07/01/2019 - 06/30/2020	587,867	279,805	-
CalWORKs - Domestic Violence Supportive Services	93.558	SSC-000026	07/01/2020 - 06/30/2021	615,012	303,466	-
Subtotal - CalWORKs - Domestic Violence Supportive Services					583,271	-
State of California, Community and Senior Services of Los Angeles County:						
CalWORKs - Domestic Violence Cares Act	20.019	N/A	03/01/20-12/30/20	103,749	103,749	-
Subtotal -U.S. Department of Health and Human Services					1,081,386	-
U.S. Department of Housing and Urban Development:						
Community Development Block Grants Cluster - Passed Through:						
City of Compton FY 19/20	14.218	B-11-MC-06-0524	07/01/2019-06/30/2020	20,000	7,029	-
City of Compton FY 19/20	14.218	B-11-MC-06-0524	07/01/2020-06/30/2021	25,000	4,374	-
City of Santa Ana Domestic Violence FY 19/20	14.218	B-18-MC-06-0508	07/01/2019-06/30/2020	38,000	13,771	-
City of Santa Ana Domestic Violence FY 19/20	14.218	B-18-MC-06-0508	07/01/2020-06/30/2021	37,500	17,742	-
Subtotal - Community Development Block Grants Cluster					42,916	-
U.S. Department of Treasury:						
Internal Revenue Service:						
Low Income Tax	21.008	19LITC0033-02-01	01/01/2020 - 12/31/2020	62,260	62,260	-
Subtotal - U.S. Department of Treasury					62,260	-

See Independent Auditor's Report

COMMUNITY LEGAL AID SOCAL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended January 31, 2021

Grantor/Passed Through Grantor/Program or Cluster Title	Federal CFDA Number	Passed Through Entity Identifying Number or Contract Number	Grant Period	Total Award	Program Expenditures from Governmental Revenue	Amounts Paid to Subrecipients
FEDERAL AWARDS						
U.S. Department of Justice:						
Cal OES - Passed Through:						
Legal Assistance for Victims (LX)	16.524	XL19 02 1109	1/1/2020-12/31/2020	\$ 250,000	\$ 186,212	\$ -
Legal Assistance for Victims (LX)	16.524	XL19 02 1109	1/1/2021-12/31/2021	206,000	15,917	-
Legal Assistance for Victims (Rainbow Services)	16.524	XL16 01 1339	10/1/2018-9/30/2021	270,217	108,817	-
Legal Assistance for Victims (Foster Youth)	16.524	XL18 01 1109	1/1/2020-12/31/2020	311,632	288,609	-
Legal Assistance for Victims (Foster Youth)	16.524	XL18 01 1109	1/1/2021-12/31/2021	175,192	9,109	-
Legal Assistance for Victims (Human Options)	16.524	OVW-2018-13828	10/1/2018-9/30/2021	303,264	134,655	-
Emergency COVID-19 Victim Services Response Grant	16.524	N/A	1/1/2020-7/31/2020	18,371	18,371	-
Subtotal - Legal Assistance for Victims					761,690	-
Equal justice Works - Passed Through:						
Crime Victims Justice Corps (VOCA)	16.582	2018-CVJC-023	6/1/2018-7/31/2020	138,388	18,652	-
Crime Victims Justice Corps (TVPA)	16.582	2018-CVJC-023	5/1/2018-7/31/2020	104,144	17,783	-
Subtotal - Crime Victims Justice Corps					36,435	-
Subtotal - U.S. Department of Justice					798,125	-
Total Federal Award Expenditures					\$ 5,913,374	\$ -

(a) Audited as a Major Program

Notes to the Schedule of Expenditures of Federal and Non-Federal Awards for the Year Ended January 31, 2021:

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and Non-Federal Awards (Schedule) includes the Federal award activity of CLA SoCal under programs of the Federal government for the year ended January 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CLA SoCal, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CLA SoCal.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

CLA SoCal has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

See Independent Auditor's Report