

COMMUNITY LEGAL AID SOCAL
***Financial Statements, Supplementary Schedules,
and
Single Audit Report on Schedule of Expenditures of
Federal Awards***
January 31, 2023
LSC Recipient #805310



COMMUNITY LEGAL AID SOCAL
Financial Statements, Supplemental Schedules
and
Single Audit Report on Schedule of Expenditures of Federal Award Programs
January 31, 2023

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FINANCIAL STATEMENTS

Board of Directors
Community Legal Aid SoCal
Santa Ana, California

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Legal Aid SoCal (a nonprofit organization), which comprise the statement of financial position as of January 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Legal Aid SoCal as of January 31, 2023, 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.

Basis for Opinion

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. 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 Community Legal Aid SoCal 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 opinions.

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 Community Legal Aid SoCal's ability to continue as a going concern within 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Community Legal Aid SoCal'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 Community Legal Aid SoCal'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.

Report on Summarized Comparative Information

We have previously audited Community Legal Aid SoCal 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Directors
Community Legal Aid SoCal
Santa Ana, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2023, 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 solely 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 the effectiveness of Community Legal Aid SoCal's 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.

Gruber and Lopez, Inc.
Gruber and Lopez, Inc.
Newport Beach, CA
May 25, 2023

COMMUNITY LEGAL AID SOCIAL
Statement of Financial Position
January 31, 2023
(with comparative totals as of January 31, 2022)

	2023	2022
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 4,784,723	6,200,600
Client trust deposits	4,760	5,002
Contribution grants receivable (Note 2)	1,126,304	1,124,965
Other receivables (claim)	(4,878)	8,148
Prepaid expenses and other assets	93,098	101,672
Total current assets	<u>6,004,007</u>	<u>7,440,387</u>
Non-current assets (Note 4):		
Land, buildings, furniture and equipment, net	5,579,559	5,019,206
Law library, net	-	-
Total non-current assets, net	<u>5,579,559</u>	<u>5,019,206</u>
Total assets	<u><u>\$ 11,583,566</u></u>	<u><u>\$ 12,459,593</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 245,904	100,324
Client trust liability	-	5,000
Current portion of lease payable (Note 17)	130,386	-
Current portion of mortgage notes payable (Note 6)	189,625	183,394
Accrued vacation	465,955	417,985
Advance funding:		
Legal Services Corporation - basic grant	337,280	319,808
Legal Services Corporation - TIG grant	-	-
Other participating agencies	862,769	742,931
Total current liabilities	<u>2,231,919</u>	<u>1,769,442</u>
Long-term liabilities:		
Payroll protection program loan (Note 7)	-	1,778,160
Mortgage notes payable (Note 6)	1,767,982	1,957,606
Lease liability (Note 17)	523,406	-
Total long-term liabilities	<u>2,291,388</u>	<u>3,735,766</u>
Total liabilities	<u>4,523,307</u>	<u>5,505,208</u>
Net assets (Note 10):		
Without donor restrictions:		
Designated for reserve	-	-
Undesignated	7,060,259	6,954,385
Total without donor restrictions	7,060,259	6,954,385
With donor restrictions	-	-
Total net assets	<u>7,060,259</u>	<u>6,954,385</u>
Total liabilities and net assets	<u><u>\$ 11,583,566</u></u>	<u><u>12,459,593</u></u>

See accompanying notes to financial statements

COMMUNITY LEGAL AID SOCIAL
Statement of Activities
Year Ended January 31, 2023
(with comparative totals for the year ended January 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2023	2022
Operating Activities:				
Support and revenue:				
Contributions- Grants (Note 2)	\$ 11,580,816	-	11,580,816	10,112,168
Contributions-Technology grants- TIG- LSC (Note 2)	60,870	-	60,870	6,370
Contributions-Pro bono grant - LSC (Note 2)	-	-	-	138,843
Contributions-Covid 19 - LSC (Note 2)	-	-	-	-
Investment income	4	-	4	201
Donated services	326,627	-	326,627	278,688
Contributions- other	91,404	-	91,404	257,858
Special event , net - Justice Served, (gross income \$126,845 less direct expense \$74,136)	52,709	-	52,709	94,307
Rental income	-	-	-	-
Payroll protection grant debt forgiveness (Note 7)	1,778,160	-	1,778,160	-
Gain (loss) on sale of assets	-	-	-	652,780
Referral fees and miscellaneous income (Note 11)	<u>277,151</u>	<u>-</u>	<u>277,151</u>	<u>1,376,077</u>
Subtotal support and revenues	14,167,741	-	14,167,741	12,917,292
Net assets released from restrictions (Note 10)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>14,167,741</u>	<u>-</u>	<u>14,167,741</u>	<u>12,917,292</u>
Expenses:				
Program services	11,042,398	-	11,042,398	9,748,168
Supporting services:				
Management and general	2,925,276		2,925,276	2,767,460
Fundraising	<u>94,193</u>	<u>-</u>	<u>94,193</u>	<u>89,482</u>
Total expenses	<u>14,061,867</u>	<u>-</u>	<u>14,061,867</u>	<u>12,605,110</u>
Increase (decrease) in net assets	105,874	-	105,874	312,182
Net assets beginning of year	<u>6,954,385</u>	<u>-</u>	<u>6,954,385</u>	<u>6,642,203</u>
Net assets at end of year	<u>\$ 7,060,259</u>	<u>-</u>	<u>7,060,259</u>	<u>6,954,385</u>

See accompanying notes to financial statements

COMMUNITY LEGAL AID SOCAL
Statement of Functional Expenses
Year Ended January 31, 2023
(with comparative totals for the year ended January 31, 2022)

		Supporting Services			Totals	
	Program Services	Management & General	Fundraising	Subtotal	2023	2022
Personnel expenses:						
Lawyers	\$ 4,226,963	269,762	-	269,762	4,496,725	3,621,490
Paralegals	2,542,011	-	-	-	2,542,011	1,996,277
Other nonlawyers	180,205	1,663,012	78,721	1,741,733	1,921,938	1,973,024
Donated services (Note 1l)	418,906	-	-	-	418,906	278,688
Payroll taxes and employee benefits	<u>1,567,813</u>	<u>442,371</u>	<u>15,472</u>	<u>457,843</u>	<u>2,025,656</u>	<u>1,800,831</u>
Total Personnel Costs	<u>8,935,898</u>	<u>2,375,145</u>	<u>94,193</u>	<u>2,469,338</u>	<u>11,405,236</u>	<u>9,670,310</u>
Office rent and maintenance (Note 17)	231,025	69,008	-	69,008	300,033	189,554
Equipment rental (Note 9)	3,626	1,083	-	1,083	4,709	4,799
Office supplies and maintenance	177,537	53,030	-	53,030	230,567	185,794
Telephone	220,630	65,903	-	65,903	286,533	251,234
Program travel	6,734	2,011	-	2,011	8,745	5,972
Conference travel	46,106	13,772	-	13,772	59,878	68,121
Library	94,384	-	-	-	94,384	103,338
Insurance	72,596	21,684	-	21,684	94,280	71,613
Auditing and accounting	30,684	9,166	-	9,166	39,850	89,150
Dues and fees	59,242	17,696	-	17,696	76,938	65,792
Litigation	26,665	-	-	-	26,665	32,775
LSC- Covid relief	-	-	-	-	-	302,744
LSC- Pro Bono	19,624	-	-	-	19,624	152,389
LSC- Technology expenses -TIG	55,188	-	-	-	55,188	3,537
Support to Public Law Center (Notes 3 and 5)	5,316	-	-	-	5,316	2,180
Private attorney involvement (Note 5)	447,732	114,746	-	114,746	562,478	534,886
Interest	52,979	15,825	-	15,825	68,804	216,427
Special event - venue and other	-	-	74,136	74,136	74,136	5,115
Other (Note 13)	<u>443,025</u>	<u>132,332</u>	<u>-</u>	<u>132,332</u>	<u>575,357</u>	<u>450,932</u>
Total expenses before depreciation	<u>10,928,991</u>	<u>2,891,401</u>	<u>168,329</u>	<u>3,059,730</u>	<u>13,988,721</u>	<u>12,406,662</u>
Depreciation (Note 4)	<u>113,407</u>	<u>33,875</u>	<u>-</u>	<u>33,875</u>	<u>147,282</u>	<u>203,563</u>
Total expenses	<u>\$ 11,042,398</u>	<u>2,925,276</u>	<u>168,329</u>	<u>3,093,605</u>	<u>14,136,003</u>	<u>12,610,225</u>
Less expenses included in statement of activities	<u>-</u>	<u>-</u>	<u>(74,136)</u>	<u>(74,136)</u>	<u>(74,136)</u>	<u>(5,115)</u>
Total expenses per statement of activities	<u>\$ 11,042,398</u>	<u>2,925,276</u>	<u>94,193</u>	<u>3,019,469</u>	<u>14,061,867</u>	<u>12,605,110</u>

See accompanying notes to financial statements.

COMMUNITY LEGAL AID SOCIAL

Statement of Cash Flows

Year Ended January 31, 2023

(with comparative totals for the year ended January 31, 2022)

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 105,874	312,182
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	147,282	203,563
Right to use lease asset	(5,838)	-
(Gain) loss on sale of assets	-	(652,780)
Payroll protection program loan forgiveness	(1,778,160)	-
Decrease (increase) in contributions grants receivable	(1,339)	(119,916)
Decrease (increase) in other receivable	13,026	4,210
Decrease (increase) in prepaid expenses and other assets	8,574	(19,330)
Decrease (increase) in client trust deposits	242	(25)
(Decrease) increase in accounts payable and accrued liabilities	145,580	(309,146)
(Decrease) increase in accrued vacation	47,970	25,493
(Decrease) increase in client trust deposits	(5,000)	-
(Decrease) increase in advance funding - Legal Services Corporation	17,472	(490,103)
(Decrease) increase in advance funding - LSC TIG	-	-
(Decrease) increase in advance funding - Other participating agencies	<u>119,838</u>	<u>742,931</u>
Net cash provided by (used for) operating activities	<u>(1,184,479)</u>	<u>(302,921)</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment and law library	(48,005)	(17,084)
Proceeds from sale of property	<u>-</u>	<u>950,000</u>
Net cash provided by (used for) investing activities	<u>(48,005)</u>	<u>932,916</u>
Cash flows from financing activities:		
Proceeds from PPP loan	-	1,778,160
Principal payments on mortgage notes payable	<u>(183,393)</u>	<u>(793,194)</u>
Net cash provided by (used for) financing activities	<u>(183,393)</u>	<u>984,966</u>
Increase (decrease) in cash and cash equivalents	(1,415,877)	1,614,961
Cash and cash equivalents at beginning of year	<u>6,200,600</u>	<u>4,585,639</u>
Cash and cash equivalents at end of year	<u>\$ 4,784,723</u>	<u>6,200,600</u>

Supplemental disclosures of noncash investing and capital related financing activities:

There were no noncash investing or capital related financing activities for the year ended January 31, 2023

Supplemental disclosure of cash flow information:

Cash paid for interest expense	<u>\$ 68,804</u>	<u>216,427</u>
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See accompanying notes to financial statements.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

January 31, 2023

(1) Summary of Significant Accounting Policies

The significant accounting policies of the Community Legal Aid SoCal (CLA SOCAL) are presented to assist in the understanding of CLA SOCAL's financial statements. The financial statements and notes are representations of CLA SOCAL's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

(a) Organization and Sources of Revenues

Founded in 1958, 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 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, and (3) the State Bar of California (State Bar) which permits general legal assistance to the indigent, socially disadvantaged and senior citizens. Other sources of funding are derived from other Federal, State, County, ND Local Grants, in addition to grant awards from private foundations, to further promote the mission of CLA SOCAL.

(b) Basis of Accounting

CLA SOCAL uses the accrual basis of accounting. Under this method of accounting, revenues are recognized when performance obligations have been satisfied and expenses are recognized when incurred.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(c) Financial Statement Presentation

In accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Update (ASU) 2016-14 Not for Profit Entities [Topic 958]- Presentation of Financial Statements of Not-For Profit Entities*, CLA SOCAL is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of CLA SOCAL's management and the board of directors.

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.

(d) Cash and Cash Equivalents

For purposes of the statement of cash flows, CLA SOCAL considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of deposits and money market funds held with several different financial institutions that at times exceed amounts covered by the insurance provided by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC).

(e) Advertising Costs

During the year ended January 31, 2023, CLA SOCAL incurred \$17,931 of advertising and website costs that was recorded as *other expenses* in the Statement of Functional Expenses.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(f) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized. Under provision of the LSC Investment Policy Guidelines adopted by the Board of Directors, authorized investments include: (1) U.S. treasury notes and bills; (2) Insured certificates of deposit; and (3) Repurchase agreements and money market funds that invest in other U.S. government securities. CLA SOCAL had no investments as of January 31, 2023.

(g) Land, Buildings, Furniture and Equipment, and Law Library

It is CLA SOCAL's policy to capitalize long-lived assets over \$5,000. Lesser amounts are expensed. Land, buildings, furniture and equipment, and law library are capitalized at cost (except for intangible right-to-use lease assets which the measurement is discussed thereafter). Buildings, furniture and equipment are depreciated on the straight-line method, using estimated useful lives of forty years for the buildings, three to ten years for the furniture and equipment, and three to five years on the law library software and books. Property and equipment acquired with grant or contract funds are considered to be owned by CLA SOCAL; however, the grantors retain certain interest in the equipment with respect to the use or disposition of such assets.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

(h) Impairment of Long-Lived Assets

CLA SOCAL evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash-flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(i) Fair Value of Financial Instruments

CLA SOCAL follows guidance issued by the ASC 820 *Fair Value Measurements*, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. This guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2, and 3. Level 1 inputs consist of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

CLA SOCAL's financial instruments, including cash and cash equivalents, grants receivable, other receivables, and accounts payable and accrued liabilities are carried at cost, which approximates fair value because of the short-term nature of these instruments.

(j) Contribution Revenue and Receivable

In accordance with ASC 958, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any grantor/ donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. Conditional contributions 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. Cash advances from granting agencies and/ or third parties for services not yet performed or conditions not yet met are included as an advance liability. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the contributions are received. Discount amortization is included in contribution revenue.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(k) Revenues from Contracts with Customers – Lawyer Referral Fees, Settlements, and Dues

CLA SOCAL's revenues from contracts with customers are generated from membership dues, attorney referral and legal settlement services all of which do not create an asset with an alternative use for CLA SOCAL.

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.

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 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. 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 are recognized at a point in time, when the award is paid.

(l) Donated Services

Donated services of \$326,627 for the year ended January 31, 2023 have been recorded as both revenues and program expenses and represent the approximate fair value of legal services and research, and other specialized skills provided by individuals possessing these skills, and would typically need to be purchased if not provided.

(m) Functional Expense Allocations

Costs of providing CLA SOCAL's programs and other activities have been presented in the statement of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include: Personnel expenses; Rent – office and equipment; Utilities and telephone; Office supplies and maintenance; Accounting and audit; Transportation and travel; Insurance; Travel; Dues and fees; Interest; Depreciation; and Others, and are allocated based on time and effort.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(n) Accrued Vacation

CLA SOCAL's policy is to record accumulated vacation when earned. As of January 31, 2023, the accrued vacation liability was \$465,955.

(o) Income Taxes of CLA SOCAL

CLA SOCAL is a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and files all federal and state information returns required by law. CLA SOCAL's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending in years 2022, 2021, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

(p) 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. Actual results could differ from those estimates.

(q) Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CLA SOCAL's financial statements for the year ended January 31, 2022 from which the summarized information was derived.

(r) Reclassifications

For comparability purposes, certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 classifications. These reclassifications have no effect on reported change in net assets.

(s) Measure 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, 2023.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(t) Lease Payable

The Organization is a lessee for a noncancellable lease of office space which was classified as an operating lease. The Organization recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Organization recognizes lease liabilities with an initial, individual value of \$25,000 or more. At the commencement of a lease, the Organization initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, lease expense is calculated as the sum of the lease payments plus initial direct costs and is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Organization determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Organization uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Organization generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments. The Organization monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other fixed assets, and lease liabilities are reported with long-term debt on the Statement of Financial Position.

(2) Summary of Grant Funding

A summary of CLA SOCAL's grant revenues for the year ended January 31, 2023 are summarized as follows:

LSC - Basic Grant	\$4,064,833
Title IIIB Office on Aging - Senior Advocacy	508,754
State Bar – IOLTA	999,338
State Bar - Equal Access, EA Partnership, HP, Redevelopment Grants	3,209,651
County of Los Angeles - CalWORKS	748,069
CAL OES	536,090
Health Consumer Alliance	370,494
Others*	1,113,587
Total	<u><u>\$11,580,816</u></u>

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(2) Summary of Grant Funding (continued)

In addition to the grant revenues recognized above, CLA SOCAL also received a technology grants from LSC in the amount of \$60,870 for the year ended January 31, 2023.

Grants receivable from the various granting agencies as of January 31, 2023 was \$1,126,304, the majority of which was collected subsequent to January 31, 2023.

(3) Private Attorney Involvement Contracts

CLA SOCAL entered into a contract with the Public Law Center (PLC) which provided annual funds to PLC in the amount of \$5,316 (which related to private attorney involvement) for fiscal year ended January 31, 2023.

(4) Land, Buildings, Furniture and Equipment and Law Library

Land, buildings, furniture and equipment and law library consisted of the following at January 31, 2023:

Land	\$2,862,150
Leasehold improvements	2,147,821
Building	1,419,715
Right to use lease asset	659,630
Furniture and equipment	510,900
Accumulated depreciation	<u>(2,020,657)</u>
	<u>\$5,579,559</u>
Law Library	\$ 323,795
Accumulated depreciation	<u>(323,795)</u>
	<u>\$ -</u>

Total depreciation expenses for the year ended January 31, 2023 was \$147,282.

Improvements, furniture and equipment and law library purchased with LSC funds consisted of the following at January 31, 2023:

	<u>LSC</u>
Leasehold improvements	\$ 106,859
Furniture and equipment	226,075
Accumulated depreciation	<u>(295,118)</u>
	<u>\$37,816</u>
Law Library	\$ 279,042
Accumulated depreciation	<u>(279,042)</u>
	<u>\$ -</u>

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(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 PLC, JIE, and CLI (see Note 3). CLA SOCAL's private attorney involvement requirement and the related expenses during the year ended January 31, 2023 are summarized as follows:

LSC basic grant revenue recognized	\$4,064,833
	<u>x12.5%</u>
LSC PAI requirement	<u>508,104</u>
LSC PAI expenses:	
Personnel salaries (lawyers, paralegals, clerical)	351,048
Payroll taxes and employee benefits	96,357
Private attorney contracts, bankruptcy, insurance	14,321
Other PAI Activities	<u>43,532</u>
	<u>505,258</u>
Non-LSC fund PAI expenses:*	
Personnel salaries (lawyers, paralegals, clerical)	77,420
Payroll taxes and employee benefits	22,280
Public Law Center	5,316
Other PAI contracts	<u>-</u>
	<u>105,016</u>
Total PAI expenses	<u>610,274</u>
Net funds expensed in (excess) of requirement	<u>\$ (102,170)</u>

During the year ended January 31, 2023, PAI net expenses amounted to \$102,170 in excess of the 12.5% PAI requirement, hence, the requirement was met.

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 calculated to be negative (8.71%) which was under the 10% of support requirement for fiscal year ended January 31, 2023.

*CLA SOCAL contracted with PLC as noted above (see Note 3). These contracts were eligible to be included in CLA SOCAL's PAI calculation.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(6) Mortgage Notes Payable

During fiscal year 2021, CLA SOCAL refinanced its two mortgage notes for the Santa Ana buildings. As of January 31, 2023, the total mortgage notes payable for the two notes was \$1,957,607. The notes are all collateralized by first trust deeds on the two respective buildings. Each note has a 20 year term and a fixed interest rate of 3.35%. The notes are payable in monthly installments of principal and interest, ranging from \$4,486 to \$16,532 with all notes expiring in 2041.

The schedule principal payments on mortgage notes payable are as follows:

	<u>Santa Ana</u>	<u>Santa Ana Annex</u>	<u>Totals</u>
<u>Year ending January 31:</u>			
2024	\$149,149	40,476	189,625
2025	154,086	41,816	195,902
2026	159,451	43,272	202,723
2027	164,869	44,742	209,611
2028	170,471	46,262	216,733
Thereafter	<u>741,726</u>	<u>201,287</u>	<u>943,103</u>
Totals	<u>\$1,539,752</u>	<u>417,855</u>	<u>1,957,607</u>
Less current portion	<u>(149,149)</u>	<u>(40,476)</u>	<u>(189,625)</u>
Long-term portion	<u>\$ 1,390,603</u>	<u>377,379</u>	<u>1,767,982</u>

(7) Payroll Protection Program Loan Payable

In February 2021, the Organization applied and was granted a second Paycheck Protection Program (PPP) loan from the Small Business Association (SBA) in the amount of \$1,778,160. In February 2022, the loan was forgiven by the SBA in its entirety and recognized as *forgiveness of debt* in the Statement of Activities. The total amount of PPP loan outstanding as of January 31, 2023 was \$0.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(8) Line of Credit

CLA SOCAL had a bank line of credit that provided for maximum borrowings of \$400,000, secured by a second lien on real property (Santa Ana), at an interest rate equal to the prime index rate plus a 0.25% margin or the floor rate of 2.5%, whichever is greater. The line matures in January 2025. There was no balance outstanding as of January 31, 2023.

(9) Lease Obligations for Office Rent and Maintenance

CLA SOCAL rents certain equipment on a month to month basis. For the year ended January 31, 2023, rent expense for the equipment was \$4,709.

(10) Net Assets with Donor Restrictions

During the year ended January 31, 2023, there were no net assets with donor restrictions that were released to net assets without donor restrictions as a result of the satisfaction of grantor imposed restrictions. Net assets with donor restrictions as of January 31, 2023, was \$0.

(11) Revenues from Contracts with Customers

Revenue is disaggregated by timing of satisfaction of performance obligations. For the year ended January 31, 2023, performance obligations were satisfied as follows:

At a point in time	\$202,162
Over time	<u>17</u>
Total revenues from contracts	<u>\$202,179</u>

Revenue from performance obligations satisfied at a point in time consists of lawyer referral, and settlement services. Revenues from performance obligation satisfied over time consists of membership dues. There were no contract assets or liabilities for the year ended January 31, 2023.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(12) Retirement Plan

CLA SOCAL has a defined contribution 401(k) profit sharing plan covering all eligible employees who have met the eligibility requirement (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 \$22,500 and \$20,500 of pre-tax compensation for calendar years 2023 and 2022, respectively, 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 \$7,500 and \$6,500 for calendar years 2023 and 2022, respectively.

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. During the year ended January 31, 2023, the Board of Directors approved a discretionary contribution of 1.5%. CLA SOCAL contributions are made monthly. Total employer contributions were \$357,259 for the year ended January 31, 2023.

(13) Other Expenses

Included in other expenses for the year ended January 31, 2023 are the following amounts:

	<u>LSC Basic Grant</u>	<u>Other Funds</u>	<u>Totals</u>
Professional contract services	\$165,374	146,056	311,430
Staff training	14,502	3,194	17,696
Advertising/ marketing outreach	17,931	-	17,931
Event venue	62,450	-	62,450
Repairs and maintenance	4,174	1,666	5,840
Publications and subscriptions	4,957	3,748	8,705
Sundry and related items	8,389	1,518	9,907
Software license and consultation	51,830	16,534	68,364
Computer telephone	1,694	243	1,937
CARES Act relief	-	11,714	11,714
Miscellaneous	-	15,059	15,059
Bank fees/ payroll processing	<u>29,302</u>	<u>15,022</u>	<u>44,324</u>
Totals	<u>\$360,603</u>	<u>214,754</u>	<u>575,357</u>

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(14) Grant Funding Concentrations and Uncertainties

CLA SOCAL has received significant funding from LSC. LSC funding represented approximately 30% of CLA SOCAL's total support and revenues (less donated services) for the year ended January 31, 2023. Due to potential reductions in federal funding to LSC, future funding to CLA SOCAL may be reduced. Although management is reviewing alternatives for continuing operations, if grants are reduced, any reduction may impact the future operations of CLA SOCAL. CLA SOCAL received a grant contract from LSC for funding through December 31, 2023 in the amount of \$4,654,803. Additionally, it is the intent of CLA SOCAL to bid for LSC funding through December 31, 2024. 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.

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.

(15) Commitments and Other Contingencies

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against CLA SOCAL for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

CLA SOCAL is also subject to legal proceedings, claims, and assessments which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions, should they occur, will not materially affect the CLA SOCAL's financial statements.

(16) 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.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(17) Leases Payable

In June of 2022, the Organization entered into an operating lease agreement as lessee for the acquisition and use of office space in Norwalk, CA with a term of 5 years. The initial lease liability for all four offices was recorded in the amount of \$707,565 during the current fiscal year. As of January 31, 2023, the value of the lease liability was \$653,792. The total rent expenses associated with the lease was \$78,655 for the year ended January 31, 2023.

The Organization is required to make monthly principal and interest payments ranging from approximately \$11,045 to \$13,959 for the office space. The lease has an estimated interest rate of 3.0%. The office space has an estimated useful life of 5 years. The value of the right-to-use asset, net as of January 31, 2022 was \$659,630 (\$707,565 less accumulated amortization of \$47,935).

The following future principal and interest on the leases payable for January 31 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	130,386	19,614	150,000
2025	134,298	15,702	150,000
2026	138,327	11,673	150,000
2027	142,477	7,523	150,000
2028	108,304	3,249	111,553
Total	<u>\$653,792</u>	<u>57,761</u>	<u>711,553</u>

(18) Availability and Liquidity

The following represents CLA SOCAL's financial assets at January 31, 2023:

Financial assets at year end:

Cash and cash equivalents	\$4,784,723
Contributions receivable	1,126,304

Less donor restrictions (-)

Financial assets available to meet
general expenses over the next
12 months: \$5,911,027

CLA SOCAL's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$3.5M). As part of its liquidity plan, CLA SOCAL only maintains liquid and time deposits in order to meet cash flow needs.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(19) Subsequent Events

CLA SOCAL's operations may be affected by the recent and ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, possible effects may include, but are not limited to, a reduction in CLA SOCAL's grant contract revenues which could have an impact on the CLA SOCAL's financial position and operating results. There is uncertainty as to the severity and longevity of the outbreak, however, management believes it will not have a significant impact on its operations and its financial statements due to receipt of additional grant funding and the forgiveness of the PPP loan which occurs in fiscal year January 31, 2023.

Management has evaluated subsequent events through May 25, 2023, the date the financial statements were available to be issued.

SUPPLEMENTARY SCHEDULES

COMMUNITY LEGAL AID SOCAL
Combining Schedule of Financial Position
January 31, 2023
(with comparative totals as of January 31, 2022)

	Legal Services Corporation	Senior Advocacy Program	State Bar of California	
			IOLTA	Equal Access and Others
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 402,631	-	252,742	438,566
Client trust deposits	21	-	-	-
Contribution grants receivable	61,780	89,824	-	210,082
Other receivables (claim)	9,299	(546)	(1,621)	(4,209)
Interfund receivable	-	-	-	-
Prepaid expenses and other assets	53,198	-	9,282	3,978
Total current assets	526,929	89,278	260,403	648,417
Non-current assets:				
Land, buildings, furniture and equipment, net	37,816	-	-	-
Law library, net	-	-	-	-
Total non-current assets	37,816	-	-	-
Total assets	\$ 564,745	89,278	260,403	648,417
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 108,338	3,632	34,118	17,026
Client trust liability	-	-	-	-
Interfund payable	168,737	61,587	-	-
Current portion of lease payable	-	-	-	-
Current portion of mortgage notes payable	-	-	-	-
Client trust deposits	-	-	-	-
Accrued vacation	266,558	17,620	93,500	29,152
Advance funding:				
LSC - Basic grant	337,280	-	-	-
LSC - TIG and Pro Bono grant	-	-	-	-
Other participating granting agencies	-	-	243,515	516,546
Total current liabilities	880,913	82,839	371,133	562,724
Long-term liabilities:				
Payroll protection program loan	-	-	-	-
Mortgage notes payable	-	-	-	-
Lease liability	-	-	-	-
Total long-term liabilities	-	-	-	-
Total liabilities	880,913	82,839	371,133	562,724
Net assets:				
Without donor restrictions:				
Undesignated	(316,168)	6,439	(110,730)	85,693
With donor restrictions	-	-	-	-
Total net assets	(316,168)	6,439	(110,730)	85,693
Total liabilities and net assets	\$ 564,745	89,278	260,403	648,417

(continued)

(continued)

	Community Legal Aid SoCal			Totals	
	Other Grants	Building	Eliminations	2023	2022
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 3,218,023	472,761	-	4,784,723	6,200,600
Client trust deposits	4,739	-	-	4,760	5,002
Contribution grants receivable	764,618	-	-	1,126,304	1,124,965
Other receivables (claim)	(9,251)	1,450	-	(4,878)	8,148
Interfund receivable	230,324	-	(230,324)	-	-
Prepaid expenses and other assets	1,012	25,628	-	93,098	101,672
Total current assets	4,209,465	499,839	(230,324)	6,004,007	7,440,387
Non-current assets:					
Land, buildings, furniture and equipment, net	39	5,541,704	-	5,579,559	5,019,206
Law library, net	-	-	-	-	-
Total non-current assets	39	5,541,704	-	5,579,559	5,019,206
Total assets	\$ 4,209,504	6,041,543	(230,324)	11,583,566	12,459,593
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 75,425	7,365	-	245,904	100,324
Client trust liability	-	-	-	-	5,000
Interfund payable	-	-	(230,324)	-	-
Current portion of lease payable	-	130,386	-	130,386	-
Current portion of mortgage notes payable	-	189,625	-	189,625	183,394
Client trust deposits	-	-	-	-	-
Accrued vacation	59,125	-	-	465,955	417,985
Advance funding:					
LSC - Basic grant	-	-	-	337,280	319,808
LSC - TIG and Pro Bono grant	-	-	-	-	-
Other participating granting agencies	102,708	-	-	862,769	742,931
Total current liabilities	237,258	327,376	(230,324)	2,231,919	1,769,442
Long-term liabilities:					
Payroll protection program loan	-	-	-	-	1,778,160
Mortgage notes payable	-	1,767,982	-	1,767,982	1,957,606
Lease liability	-	523,406	-	523,406	-
Total long-term liabilities	-	2,291,388	-	2,291,388	3,735,766
Total liabilities	237,258	2,618,764	(230,324)	4,523,307	5,505,208
Net assets:					
Without donor restrictions:					
Undesignated	3,972,246	3,422,779	-	7,060,259	6,954,385
With donor restrictions	-	-	-	-	-
Total net assets	3,972,246	3,422,779	-	7,060,259	6,954,385
Total liabilities and net assets	\$ 4,209,504	6,041,543	(230,324)	11,583,566	12,459,593

COMMUNITY LEGAL AID SOCAL
Combining Schedule of Support, Revenues, Expenses, and Changes in Net Assets
Year Ended January 31, 2023
(with comparative totals for the year ended January 31, 2022)

	Legal Services Corporation	Senior Advocacy Program	State Bar of California	
			IOLTA	Equal Access and Others
Support and revenue:				
Contributions-Grants	\$ 4,064,833	508,754	999,338	3,209,651
Contributions-Technology grants - TIG - LSC	60,870	-	-	-
Contributions-Pro bono grant - LSC	-	-	-	-
Contributions-Covid 19 - LSC	-	-	-	-
Investment income	1	-	-	-
Donated services	36,063	20,955	-	-
Contributions- other	-	1,475	-	-
Special event income -Justice Served	-	-	-	-
Rental income	-	-	-	-
Payroll protection grant debt forgiveness	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-
Referral fees and miscellaneous income	-	-	-	-
Total support and revenue	<u>4,161,767</u>	<u>531,184</u>	<u>999,338</u>	<u>3,209,651</u>
Personnel expenses:				
Lawyers	756,671	213,865	450,638	1,403,547
Paralegals	891,265	124,364	128,665	441,317
Other nonlawyers	816,352	49,540	165,841	453,565
Donated services	36,063	20,955	-	-
Payroll taxes and employee benefits	706,652	78,936	190,776	522,206
Total personnel expenses	<u>3,207,003</u>	<u>487,660</u>	<u>935,920</u>	<u>2,820,635</u>
Other expenses:				
Office rent and maintenance	417,632	10,834	17,504	24,051
Equipment rental	3,596	-	388	441
Office supplies and equipment	129,356	7,030	11,512	35,382
Telephone	190,212	877	18,605	34,314
Program travel	6,992	402	486	545
Conference travel	51,369	-	3,784	4,235
Library	64,968	-	6,743	13,716
Insurance	48,645	-	5,884	11,044
Auditing and accounting	20,518	-	3,343	8,173
Dues and fees	24,694	1,823	32,347	10,826
Litigation	21,968	-	2,047	2,266
Depreciation	19,978	-	-	-
LSC- Covid relief	-	-	-	-
LSC- Pro Bono	19,624	-	-	-
LSC- Technology expenses -TIG	55,188	-	-	-
Support to Public Law Center	-	-	5,316	-
Support to Public Counsel	-	-	-	-
Private attorney involvement	462,778	-	-	18,921
Interest	-	-	-	-
Special event expense - venue and other	-	-	-	-
Other	360,603	21,139	17,191	107,702
Total other expenses	<u>1,898,121</u>	<u>42,105</u>	<u>125,150</u>	<u>271,616</u>
Total expenses	<u>5,105,124</u>	<u>529,765</u>	<u>1,061,070</u>	<u>3,092,251</u>
Increase (decrease) in net assets	(943,357)	1,419	(61,732)	117,400
Net assets (deficit) at beginning of year	<u>627,189</u>	<u>5,020</u>	<u>(48,998)</u>	<u>(31,707)</u>
Net assets (deficit) at end of year	<u>\$ (316,168)</u>	<u>6,439</u>	<u>(110,730)</u>	<u>85,693</u>

(continued)

(continued)

	Community Legal Aid SoCal			Totals	
	Other Grants	Building	Eliminations	2023	2022
Support and revenue:					
Contributions-Grants	\$ 2,798,240	-	-	11,580,816	10,112,168
Contributions-Technology grants - TIG - LSC	-	-	-	60,870	6,370
Contributions-Pro bono grant - LSC	-	-	-	-	138,843
Contributions-Covid 19 - LSC	-	-	-	-	-
Investment income	3	-	-	4	201
Donated services	269,609	-	-	326,627	278,688
Contributions- other	89,929	-	-	91,404	257,858
Special event income -Justice Served	126,845	-	-	126,845	99,422
Rental income	-	496,224	(496,224)	-	-
Payroll protection grant debt forgiveness	1,778,160	-	-	1,778,160	-
Gain (loss) on sale of assets	-	-	-	-	652,780
Referral fees and miscellaneous income	202,179	74,972	-	277,151	1,376,077
Total support and revenue	5,264,965	571,196	(496,224)	14,241,877	12,922,407
Personnel expenses:					
Lawyers	1,672,004	-	-	4,496,725	3,621,490
Paralegals	956,400	-	-	2,542,011	1,996,277
Other nonlawyers	436,640	-	-	1,921,938	1,973,024
Donated services	361,888	-	-	418,906	278,688
Payroll taxes and employee benefits	527,086	-	-	2,025,656	1,800,831
Total personnel expenses	3,954,018	-	-	11,405,236	9,670,310
Other expenses:					
Office rent and maintenance	91,151	235,085	(496,224)	300,033	189,554
Equipment rental	284	-	-	4,709	4,799
Office supplies and equipment	47,287	-	-	230,567	185,794
Telephone	42,525	-	-	286,533	251,234
Program travel	320	-	-	8,745	5,972
Conference travel	490	-	-	59,878	68,121
Library	8,957	-	-	94,384	103,338
Insurance	12,184	16,523	-	94,280	71,613
Auditing and accounting	7,816	-	-	39,850	89,150
Dues and fees	7,101	147	-	76,938	65,792
Litigation	384	-	-	26,665	32,775
Depreciation	2,590	124,714	-	147,282	203,563
LSC- Covid relief	-	-	-	-	302,744
LSC- Pro Bono	-	-	-	19,624	152,389
LSC- Technology expenses -TIG	-	-	-	55,188	3,537
Support to Public Law Center	-	-	-	5,316	2,180
Support to Public Counsel	-	-	-	-	-
Private attorney involvement	80,779	-	-	562,478	534,886
Interest	-	68,804	-	68,804	216,427
Special event expense - venue and other	74,136	-	-	74,136	5,115
Other	68,722	-	-	575,357	450,932
Total other expenses	444,726	445,273	(496,224)	2,730,767	2,939,915
Total expenses	4,398,744	445,273	(496,224)	14,136,003	12,610,225
Increase (decrease) in net assets	866,221	125,923	-	105,874	312,182
Net assets (deficit) at beginning of year	3,106,025	3,296,856	-	6,954,385	6,642,203
Net assets (deficit) at end of year	\$ 3,972,246	3,422,779	-	7,060,259	6,954,385

COMMUNITY LEGAL AID SOCAL

Schedule of Support, Revenue, Expenses and Changes in Net Assets for LSC Funds

Year Ended January 31, 2023
(with comparative totals for the year ended January 31, 2022)

	Basic Field Grant	Excess Carryover*	PAI	Other LSC Grants			Property	Totals	
				Pro Bono	TIG	Subtotal		2023	2022
Support and revenue:									
Contributions-Grants	\$ 4,064,833	-	-	-	-	-	-	4,064,833	4,061,812
Contributions-Technology grants - TIG - LSC	-	-	-	-	60,870	60,870	-	60,870	6,370
Contributions-Pro bono grant - LSC	-	-	-	-	-	-	-	-	138,843
Contributions-Covid 19 - LSC	-	-	-	-	-	-	-	-	-
Investment income	1	-	-	-	-	-	-	1	115
Donated services	-	-	36,063	-	-	-	-	36,063	42,059
Contributions	-	-	-	-	-	-	-	-	-
Rental income - interfund	-	-	-	-	-	-	-	-	-
Derivative income	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-	-	-
Total support and revenue	<u>4,064,834</u>	<u>-</u>	<u>36,063</u>	<u>-</u>	<u>60,870</u>	<u>60,870</u>	<u>-</u>	<u>4,161,767</u>	<u>4,249,199</u>
Personnel expenses:									
Lawyers	756,671	-	232,229	16,062	22,225	38,287	-	1,027,187	1,387,763
Paralegals	891,265	-	35,730	-	-	-	-	926,995	805,955
Other nonlawyers	816,352	-	83,089	271	-	271	-	899,712	1,201,249
Donated services	-	-	36,063	-	-	-	-	36,063	42,059
Payroll taxes and employee benefits	706,652	-	96,357	2,906	3,575	6,481	-	809,490	848,510
Total personnel expenses	<u>3,170,940</u>	<u>-</u>	<u>483,468</u>	<u>19,239</u>	<u>25,800</u>	<u>45,039</u>	<u>-</u>	<u>3,699,447</u>	<u>4,285,536</u>
Other expenses:									
Office rent and maintenance	417,632	-	-	-	-	-	-	417,632	463,491
Equipment rental	2,823	-	773	-	-	-	-	3,596	3,625
Office supplies and equipment	123,474	-	5,827	55	-	55	-	129,356	120,509
Telephone	178,880	-	11,002	330	-	330	-	190,212	156,785
Program travel	6,992	-	-	-	-	-	-	6,992	4,677
Conference travel	46,606	-	-	-	4,763	4,763	-	51,369	60,598
Library	64,968	-	-	-	-	-	-	64,968	63,886
Insurance	35,285	-	13,360	-	-	-	-	48,645	31,653
Auditing and accounting	19,084	-	1,434	-	-	-	-	20,518	66,255
Dues and fees	24,694	-	-	-	-	-	-	24,694	18,266
Litigation	21,968	-	-	-	-	-	-	21,968	28,682
Support to Public Law Center	-	-	-	-	-	-	-	-	-
Private attorney involvement	-	-	14,321	-	-	-	-	14,321	39,327
Depreciation	-	-	-	-	-	-	19,978	19,978	54,303
Other	<u>355,667</u>	<u>-</u>	<u>11,136</u>	<u>-</u>	<u>24,625</u>	<u>24,625</u>	<u>-</u>	<u>391,428</u>	<u>143,805</u>
Total other expenses	<u>1,298,073</u>	<u>-</u>	<u>57,853</u>	<u>385</u>	<u>29,388</u>	<u>29,773</u>	<u>19,978</u>	<u>1,405,677</u>	<u>1,255,862</u>
Total expenses	<u>4,469,013</u>	<u>-</u>	<u>541,321</u>	<u>19,624</u>	<u>55,188</u>	<u>74,812</u>	<u>19,978</u>	<u>5,105,124</u>	<u>5,541,398</u>
Increase (decrease) in net assets	(404,179)	-	(505,258)	(19,624)	5,682	(13,942)	(19,978)	(943,357)	(1,292,199)
Other changes in net assets/ cash inflows (outflows):									
PAI	(505,258)	-	505,258	-	-	-	-	-	-
Purchase of property, equipment and software	-	-	-	-	-	-	-	-	-
Payment of debt principal	-	-	-	-	-	-	-	-	-
Transfer of proceeds from / returned to LSC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total changes in net assets/ unearned revenue	(909,437)	-	-	(19,624)	5,682	(13,942)	(19,978)	(943,357)	(1,292,199)
LSC Net assets/ unearned:									
LSC Net assets/ unearned at beginning of year	<u>555,453</u>	<u>-</u>	<u>-</u>	<u>19,624</u>	<u>(5,682)</u>	<u>13,942</u>	<u>57,794</u>	<u>627,189</u>	<u>1,919,388</u>
LSC Net assets/ unearned at end of year	<u>\$ (353,984)</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,816</u>	<u>(316,168)</u>	<u>627,189</u>

*- LSC basic field grant net assets did not exceed the 10% of support requirement for the year ended January 31, 2022 per 45CFR 1628.2a

**SINGLE AUDIT REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

Board of Directors
Community Legal Aid SoCal
Santa Ana, California

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the 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, the financial statements of the Community Legal Aid SoCal (CLA SOCAL), as of and for the year ended January 31, 2023, and the related notes to the financial statements, which collectively comprise CLA SOCAL's basic financial statements, and have issued our report thereon dated May 25, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CLA SOCAL's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CLA SOCAL's internal control. Accordingly, we do not express an opinion on the effectiveness of CLA SOCAL's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CLA SOCAL's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Such provisions included those provisions of 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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gruber and Lopez, Inc.

Gruber and Lopez, Inc.

Newport Beach, California
May 25, 2023

Board of Directors
Community Legal Aid SoCal
Santa Ana, California

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

We have audited Community Legal Aid SoCal's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Community Legal Aid SoCal's major federal programs for the year ended January 31, 2023. Community Legal Aid SoCal's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Legal Aid SoCal complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit 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), and on the audit 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); and the *Code of Federal Regulations* (45 CFR Part 1600) – *Legal Services Corporation Act*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Legal Aid SoCal and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Legal Aid SoCal's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Legal Aid SoCal's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Legal Aid SoCal's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Legal Aid SoCal's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Community Legal Aid SoCal's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Legal Aid SoCal's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Legal Aid SoCal's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gruber and Lopez, Inc.

Gruber and Lopez, Inc.

Newport Beach, California
May 25, 2023

LEGAL AID SOCIETY OF ORANGE COUNTY, INC.

Schedule of Expenditures of Federal Awards

Year Ended January 31, 2023

Federal Grantor Program Title/ Pass-through Grantor	Federal CFDA Number	Program Identification Number	Grant Period	Total Award	Federal Award Expenditures	Payments to Subrecipients
Legal Services Corporation - pass-through program:						
Legal Services Corporation for low income - basic grant	09.805310	805310	01/01/2023 - 12/31/2023	4,047,361	4,047,361	
Legal Services Corporation for low income - basic grant	09.805310	805310	01/01/2023 - 12/31/2023	4,054,803	-	
Pro Bono Innovation Fund (PBIIF)	09.805310	PB18022	10/01/2020 - 03/31/2022	208,265	19,624	
TIG Grant LMS Projects	09.805310	805310	10/1/2021-9/30/2023	114,668	43,867	
TIG Grant (Mapping)	09.805310	GT-TG22G-00460	12/1/2022-11/30/2025	203,825	9,807	
TIG TIP (Intake Study)	09.805310	GT-00451	12/1/2022-11/30/2023	35,000	1,514	
Subtotal - Legal Services Corporation- Assistance listing No. 09.805310					4,122,173	*
U.S. Department of Health and Human Services:						
Special Programs for the Aging-Title IIIB - Supportive Services and Senior Centers:						
Passed through:						
County of Orange Community Services Agency	93.044	20-27-0045	07/01/2021 - 06/30/2022	357,105	155,460	
County of Orange Community Services Agency	93.044	20-27-0045	07/01/2022 - 06/30/2023	381,377	219,458	
Subtotal-Special Programs for the Aging-Title IIIB					374,918	
County of Orange Community Services Agency	93.044	MA-012-23010014	10/1/2021-9/30/2022	136,749	83,430	
County of Orange Community Services Agency	93.044	MA-012-23010014	10/1/2022-9/30/2023	136,749	47,063	
Subtotal-American Rescue Plan Act					130,493	
Subtotal - Assistance listing No. 93.044					505,411	
Temporary Assistance for Needy Families:						
Passed through:						
State of California, Community and Senior Services of Los Angeles County:						
CalWORKs - Domestic Violence Supportive Services	93.558	PH-004236	07/01/2021 - 06/30/2022	712,125	344,338	
CalWORKs - Domestic Violence Supportive Services	93.558	PH-004236	07/01/2022 - 06/30/2023	773,744	476,194	
Department of Public Health - Immigration	93.558	PH-004236	07/01/2022 - 06/30/2023	15,000	-	
Subtotal - Assistance listing No. 93.558					820,532	*
Community Services Block Grant:						
Passed through:						
County of Los Angeles: DPSS CSBG CARES 2021-22	93.569	4LG2115LSC	8/1/2021-9/25/2022	65,205	47,895	
Subtotal - Assistance listing No. 93.569					47,895	
Family Violence Prevention and Services Act:						
Passed through:						
Cal OES - Legal Assistance for Rescue Plan	93.671	RP21 01 1109	1/1/2022-12/31/2023	65,000	34,798	
Subtotal - Assistance listing No. 93.671					34,798	
Subtotal - U.S. Department of Health and Human Services					1,408,636	-
U.S. Department of Treasury:						
Coronavirus State and Local Fiscal Recovery Funds-passed through:						
State of California, Community and Senior Services of Los Angeles County:						
CalWORKs - American Rescue Plan	21.027	PH-004938	07/01/2022-06/30/2023	400,000	21,320	
Subtotal - U.S. Department of Treasury-Assistance Listing No. 21.027					21,320	-
U.S. Department of Housing and Urban Development:						
Community Development Block Grants Cluster - pass-through:						
City of Compton FY 21/22	14.218		07/01/2021-06/30/2022	25,000	-	
City of Santa Ana Domestic Violence FY 21/22	14.218	B-18-MC-06-0508	07/01/2021-06/30/2022	27,090	22,347	
City of Santa Ana Domestic Violence FY 22/23	14.218	B-18-MC-06-0508	07/01/2022-06/30/2023	27,090	17,648	
City of Norwalk Domestic Violence FY 21/22	14.218	B-22-MC-06-0524	07/01/2021-06/30/2022	25,000	2,618	
City of Norwalk Domestic Violence FY 22/23	14.218	B-22-MC-06-0524	07/01/2021-06/30/2023	18,000	4,101	
Subtotal -U.S. Department of Housing and Urban Development- Assistance Listing No. 14.218					46,714	-
U.S. Department of Justice:						
Legal Assistance for Victims:						
Passed through:						
Cal OES:						
Legal Assistance for Victims (XL)	16.524	XL21 04 1109	1/1/2022-12/31/2022	206,000	190,371	
Legal Assistance for Victims (XL)	16.524	XL22 04 1109	1/1/2023-12/31/2023	206,000	16,367	
Legal Assistance for Victims (Rainbow Services)	16.524	XL 21 04 1339	1/1/2022-12/31/2022	100,000	94,978	
Legal Assistance for Victims (Rainbow Services)	16.524	XL 22 04 1339	1/1/2023-12/31/2023	100,000	9,953	
Legal Assistance for Victims (Foster Youth)	16.524	KI21 04 1109	1/1/2022-12/31/2022	181,058	166,071	
Legal Assistance for Victims (Foster Youth)	16.524	KI22 04 1109	1/1/2023-12/31/2023	181,058	14,136	
Legal Assistance for Victims (Rainbow Services)	16.524	JVW-21-GG-00408-L	10/1/2021-9/30/2024	270,000	111,594	
Subtotal - U.S. Department of Justice Assistance Listing No. 16.524					603,470	-
Total Federal Award Expenditures					\$ 6,202,313	-

*- Denotes major program.

COMMUNITY LEGAL AID SOCAL

Notes to the Schedule of Expenditures of Federal Awards

January 31, 2023

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the Community Legal Aid SoCal (CLA SOCAL) that are reimbursable under federal programs of federal agencies providing financial assistance. For purposes of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency and expended, as well as federal funds received indirectly by CLA SOCAL from a non-federal agency and expended. Only the portion of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenses in excess of the maximum federal reimbursement authorized or the portion of program expenses that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Expenditures reported include any property or equipment acquisitions incurred under the Federal program. The accompanying schedule of expenditures of federal awards 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* (Office of Management and Budget Uniform Grant Guidance).

(c) Subrecipients

There were no payments to subrecipients for the fiscal year ended January 31, 2023.

(d) De Minimus Indirect Cost Rate

CLA SOCAL elected to use the 10% de minimus indirect cost rate.

COMMUNITY LEGAL AID SOCIAL
Schedule of Findings and Questioned Costs
Year ended January 31, 2023

Summary of Auditors' Results

A) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

1. An unmodified report was issued by the auditors on the financial statements of the auditee.
2. There were no material weaknesses in internal control nor were there any significant deficiencies.
3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.

(B) Findings and Questioned Costs for Federal Awards as Defined in 2 CFR 200.515(d) and 2CFR 200.516(a)

4. There were no material weaknesses or other significant deficiencies in internal control over federal major programs of the auditee.
5. An unmodified report was issued by the auditors on compliance for federal major programs.
6. The audit disclosed no audit findings required by the auditors to be reported under 2 CFR 200.515(d) and CFR 200.516(a).
7. The major programs of the auditee was the Legal Services Corporation Program-assistance listing No. 09.805310; and Temporary Assistance for Needy Families-assistance listing No. 93.558.
8. The dollar threshold used to distinguish Type A and Type B programs was \$750,000, 2 CFR 200.518 (b) (1).
9. The auditee was not considered a low risk auditee as defined by 2 CFR 200.518 for the year ended January 31, 2023 for purposes of determining major programs.

COMMUNITY LEGAL AID SOCAL
Summary Schedule of Prior Audit Findings

Year ended January 31, 2023

There were no findings reported in the single audit report for the year ended January 31, 2022.