

COMMUNITY LEGAL AID SOCAL
Financial Statements, Supplementary Schedules,
and
Single Audit Report on Schedule of Expenditures of
Federal Awards
January 31, 2022
LSC Recipient #805310



GRUBER and LOPEZ, INC.
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY LEGAL AID SOCAL
Financial Statements, Supplemental Schedules
and
Single Audit Report on Schedule of Expenditures of Federal Award Programs
January 31, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statements of Cash Flows	7
Notes to the Financial Statements	8
Supplementary Schedules:	
Combining Schedule of Financial Position	22
Combining Schedule of Support, Revenues, Expenses and Changes in Net Assets	24
Schedule of Support, Revenues, Expenses and Changes in Net Assets for LSC Funds	26
Single Audit Report on Expenditures of Federal Awards:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	29
Schedule of Expenditures of Federal Awards	31
Notes to Schedule of Expenditures of Federal Awards	32
Schedule of Findings and Questioned Costs	33
Summary Schedule of Prior Audit Findings	34

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, 2022, 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, 2022, 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

The financial statements of Community Legal Aid SoCal as of January 31, 2021, were audited by other auditors whose report dated May 28, 2021, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2021, 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
Page Three

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, 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 23, 2022

COMMUNITY LEGAL AID SOCAL
Statement of Financial Position
January 31, 2022
(with comparative totals as of January 31, 2021)

	2022	2021
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 6,200,600	4,585,639
Client trust deposits	5,002	4,977
Contribution grants receivable (Note 2)	1,124,965	1,005,049
Other receivables	8,148	12,358
Prepaid expenses and other assets	<u>101,672</u>	<u>82,342</u>
Total current assets	<u>7,440,387</u>	<u>5,690,365</u>
Non-current assets (Note 4):		
Land, buildings, furniture and equipment, net	5,019,206	5,502,905
Law library, net	<u>-</u>	<u>-</u>
Total non-current assets, net	<u>5,019,206</u>	<u>5,502,905</u>
Total assets	<u>\$ 12,459,593</u>	<u>\$ 11,193,270</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 100,324	409,470
Client trust liability	5,000	5,000
Current portion of mortgage notes payable (Note 6)	183,394	155,542
Accrued vacation (Note 1n)	417,985	392,492
Advance funding (Note 1k):		
Legal Services Corporation - basic grant	319,808	-
Legal Services Corporation - TIG grant	-	-
Other participating agencies	<u>742,931</u>	<u>809,911</u>
Total current liabilities	<u>1,769,442</u>	<u>1,772,415</u>
Long-term liabilities:		
Payroll protection program loan (Note 7)	1,778,160	-
Mortgage notes payable (Note 6)	<u>1,957,606</u>	<u>2,778,652</u>
Total long-term liabilities	<u>3,735,766</u>	<u>2,778,652</u>
Total liabilities	<u>5,505,208</u>	<u>4,551,067</u>
Net assets (Note 10):		
Without donor restrictions:		
Designated for reserve	-	-
Undesignated	<u>6,954,385</u>	<u>4,722,815</u>
Total without donor restrictions	6,954,385	4,722,815
With donor restrictions	<u>-</u>	<u>1,919,388</u>
Total net assets	<u>6,954,385</u>	<u>6,642,203</u>
Total liabilities and net assets	<u>\$ 12,459,593</u>	<u>11,193,270</u>

See accompanying notes to financial statements

COMMUNITY LEGAL AID SOCAL
Statement of Activities
Year Ended January 31, 2022
(with comparative totals for the year ended January 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
Operating Activities:				
Support and revenue:				
Contributions- Grants (Note 2)	\$ 10,112,168	-	10,112,168	8,986,462
Contributions-Technology grants- TIG- LSC (Note 2)	6,370	-	6,370	25,000
Contributions-Pro bono grant - LSC (Note 2)	138,843	-	138,843	189,783
Contributions-Covid 19 - LSC (Note 2)	-	-	-	546,458
Investment income	201	-	201	7,710
Donated services (Note 1l)	278,688	-	278,688	218,219
Contributions- other	257,858	-	257,858	136,793
Special event , net - Justice Served, (gross income \$99,422 less direct expense \$5,115)	94,307	-	94,307	83,635
Rental income	-	-	-	900
Payroll protection grant debt forgiveness	-	-	-	1,726,899
Gain (loss) on sale of assets	652,780	-	652,780	-
Referral fees and miscellaneous income (Note 11)	<u>1,376,077</u>	<u>-</u>	<u>1,376,077</u>	<u>615,843</u>
 Subtotal support and revenues	 12,917,292	 -	 12,917,292	 12,537,702
 Net assets released from restrictions (Note 10)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total support and revenue	 <u>12,917,292</u>	 <u>-</u>	 <u>12,917,292</u>	 <u>12,537,702</u>
 Expenses:				
Program services	9,748,168	-	9,748,168	9,238,150
Supporting services:				
Management and general	2,767,460		2,767,460	2,358,008
Fundraising	<u>89,482</u>	<u>-</u>	<u>89,482</u>	<u>81,750</u>
 Total expenses	 <u>12,605,110</u>	 <u>-</u>	 <u>12,605,110</u>	 <u>11,677,908</u>
 Increase (decrease) in net assets	 312,182	 -	 312,182	 859,794
 Net assets beginning of year	 <u>6,642,203</u>	 <u>-</u>	 <u>6,642,203</u>	 <u>5,782,409</u>
 Net assets at end of year	 <u>\$ 6,954,385</u>	 <u>-</u>	 <u>6,954,385</u>	 <u>6,642,203</u>

See accompanying notes to financial statements

COMMUNITY LEGAL AID SOCIAL
Statement of Functional Expenses
Year Ended January 31, 2022
(with comparative totals for the year ended January 31, 2021)

	Supporting Services				Totals	
	Program Services	Management & General	Fundraising	Subtotal	2022	2021
Personnel expenses:						
Lawyers	\$ 3,393,546	227,944	-	227,944	3,621,490	3,636,248
Paralegals	1,996,277	-	-	-	1,996,277	1,924,987
Other nonlawyers	312,160	1,589,520	71,344	1,660,864	1,973,024	1,813,521
Donated services (Note 1l)	278,688	-	-	-	278,688	218,219
Payroll taxes and employee benefits	<u>1,356,493</u>	<u>426,200</u>	<u>18,138</u>	<u>444,338</u>	<u>1,800,831</u>	<u>1,791,457</u>
Total Personnel Costs	<u>7,337,164</u>	<u>2,243,664</u>	<u>89,482</u>	<u>2,333,146</u>	<u>9,670,310</u>	<u>9,384,432</u>
Office rent and maintenance (Note 9)	145,957	43,597	-	43,597	189,554	192,715
Equipment rental (Note 9)	3,695	1,104	-	1,104	4,799	4,683
Office supplies and maintenance	143,061	42,733	-	42,733	185,794	175,812
Telephone	193,450	57,784	-	57,784	251,234	234,987
Program travel	4,598	1,374	-	1,374	5,972	9,105
Conference travel	52,453	15,668	-	15,668	68,121	57,740
Library	103,338	-	-	-	103,338	65,574
Insurance	55,142	16,471	-	16,471	71,613	72,207
Auditing and accounting	68,645	20,505	-	20,505	89,150	60,958
Dues and fees	50,660	15,132	-	15,132	65,792	66,451
Litigation	32,775	-	-	-	32,775	22,709
LSC- Covid relief	302,744	-	-	-	302,744	-
LSC- Pro Bono	152,389	-	-	-	152,389	-
LSC- Technology expenses -TIG	3,537	-	-	-	3,537	-
Support to Public Law Center (Notes 3 and 5)	2,180	-	-	-	2,180	3,030
Private attorney involvement (Note 5)	425,769	109,117	-	109,117	534,886	405,313
Interest	166,649	49,778	-	49,778	216,427	146,126
Special event - venue and other	-	-	5,115	5,115	5,115	8,414
Other (Note 12)	<u>347,218</u>	<u>103,714</u>	<u>-</u>	<u>103,714</u>	<u>450,932</u>	<u>563,965</u>
Total expenses before depreciation	<u>9,591,424</u>	<u>2,720,641</u>	<u>94,597</u>	<u>2,815,238</u>	<u>12,406,662</u>	<u>11,474,221</u>
Depreciation (Note 4)	<u>156,744</u>	<u>46,819</u>	<u>-</u>	<u>46,819</u>	<u>203,563</u>	<u>212,101</u>
Total expenses	<u>\$ 9,748,168</u>	<u>2,767,460</u>	<u>94,597</u>	<u>2,862,057</u>	<u>12,610,225</u>	<u>11,686,322</u>
Less expenses included in statement of activities	<u>-</u>	<u>-</u>	<u>(5,115)</u>	<u>(5,115)</u>	<u>(5,115)</u>	<u>(8,414)</u>
Total expenses per statement of activities	<u>\$ 9,748,168</u>	<u>2,767,460</u>	<u>89,482</u>	<u>2,856,942</u>	<u>12,605,110</u>	<u>11,677,908</u>

See accompanying notes to financial statements.

COMMUNITY LEGAL AID SOCIAL

Statement of Cash Flows

Year Ended January 31, 2022

(with comparative totals for the year ended January 31, 2021)

	2022	2021
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 312,182	859,794
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	203,563	212,101
(Gain) loss on sale of assets	(652,780)	-
Payroll protection program loan forgiveness	-	(1,726,899)
Decrease (increase) in contributions grants receivable	(119,916)	(44,938)
Decrease (increase) in other receivable	4,210	21,198
Decrease (increase) in prepaid expenses and other assets	(19,330)	(11,435)
Decrease (increase) in client trust deposits	(25)	44
(Decrease) increase in accounts payable and accrued liabilities	(309,146)	270,323
(Decrease) increase in accrued vacation	25,493	150,142
(Decrease) increase in client trust deposits	-	-
(Decrease) increase in advance funding - Legal Services Corporation	(490,103)	808,973
(Decrease) increase in advance funding - LSC TIG	-	-
(Decrease) increase in advance funding - Other participating agencies	<u>742,931</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>(302,921)</u>	<u>539,303</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment and law library	(17,084)	(7,384)
Proceeds from sale of property	<u>950,000</u>	<u>250,000</u>
Net cash provided by (used for) investing activities	<u>932,916</u>	<u>242,616</u>
Cash flows from financing activities:		
Proceeds from PPP loan	1,778,160	1,726,899
Principal payments on mortgage notes payable	<u>(793,194)</u>	<u>(147,801)</u>
Net cash provided by (used for) financing activities	<u>984,966</u>	<u>1,579,098</u>
Increase (decrease) in cash and cash equivalents	1,614,961	2,361,017
Cash and cash equivalents at beginning of year	<u>4,585,639</u>	<u>2,224,622</u>
Cash and cash equivalents at end of year	<u><u>\$ 6,200,600</u></u>	<u><u>4,585,639</u></u>
<u>Supplemental disclosures of noncash investing and capital related financing activities:</u>		
There were no noncash investing or capital related financing activities for the year ended January 31, 2022		
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest expense	<u>\$ 216,427</u>	<u>146,126</u>

See accompanying notes to financial statements.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

January 31, 2022

(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, 2022, CLA SOCAL incurred \$24,460 of advertising and website costs.

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, 2022.

(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. 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 \$278,688 for the year ended January 31, 2022 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, 2022, the accrued vacation liability was \$417,985.

(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 2021, 2020, and 2019 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, 2021 from which the summarized information was derived.

(r) Reclassifications

For comparability purposes, certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 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, 2022.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

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

(t) New and Recent Accounting Pronouncement

In February 2016, FASB issued ASU No. 2016-02, Leases, which is intended to improve financial reporting about lease transactions and is effective for the year ended January 31, 2022. Since CLA SOCAL owns all of its office buildings and the majority of its equipment, this pronouncement did not have a material effect on the financial statements.

In 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) – *Contributions Received and Made*. The update clarified and improves the scope and accounting guidance for contributions received and made. CLA SOCAL has adopted ASU 2018-08 in fiscal year January 31, 2022 in order to more consistently record revenue recognition from resource providers. Previous to the adoption of ASU 2018-08, CLA SOCAL classified the majority of its grant revenue received from government agencies as exchange transactions, however, under the new guidance of ASU 2018-08 have reclassified the majority of its grant revenue received from government agencies as contributions with conditions for the year ended January 31, 2022. CLA SOCAL has also elected to use the modified prospective basis in adopting the change, hence, no prior period adjustments were necessary, however, \$1,919,388 of net assets with donor restrictions as of January 31, 2021 was reclassified to net assets without donor restrictions as of February 1, 2021.

(2) Summary of Grant Funding

A summary of CLA SOCAL's grant revenues for the year ended January 31, 2022 are summarized as follows:

LSC - Basic Grant	\$4,061,812
Title IIIB Office on Aging - Senior Advocacy	461,523
State Bar – IOLTA	1,094,929
State Bar - Equal Access, EA Partnership, HP, Redevelopment Grants	1,675,091
County of Los Angeles - CalWORKS	722,670
CAL OES	599,882
Health Consumer Alliance	308,598
Others*	1,187,663
Total	<u><u>\$10,112,168</u></u>

In addition to the grant revenues recognized above, CLA SOCAL also received technology, and pro bono grants from LSC in the amounts of \$6,370 and \$138,843, respectively, for the year ended January 31, 2022.

Grants receivable from the various granting agencies as of January 31, 2022 was \$1,124,965, the majority of which was collected subsequent to January 31, 2022.

COMMUNITY LEGAL AID SOCAL

Notes to the Financial Statements

(Continued)

(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 \$2,180 (which related to private attorney involvement) for fiscal year ended January 31, 2022.

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

Land, buildings, furniture and equipment and law library consisted of the following at January 31, 2022:

Land	\$2,862,150
Leasehold improvements	2,176,163
Building	1,581,675
Furniture and equipment	1,819,598
Accumulated depreciation	<u>(3,420,380)</u>
	<u>\$5,019,206</u>
Law Library	\$ 323,795
Accumulated depreciation	<u>(323,795)</u>
	<u>\$ -</u>

Total depreciation expenses for the year ended January 31, 2022 was \$203,563.

Improvements, furniture and equipment and law library purchased with LSC funds consisted of the following at January 31, 2022:

	<u>LSC</u>
Leasehold improvements	\$ 119,111
Furniture and equipment	1,394,543
Accumulated depreciation	<u>(1,454,079)</u>
	<u>\$59,575</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, 2022 are summarized as follows:

LSC basic grant revenue recognized	\$4,061,812
	<u>x12.5%</u>
LSC PAI requirement	<u>507,727</u>
LSC PAI expenses:	
Personnel salaries (lawyers, paralegals, clerical)	354,333
Payroll taxes and employee benefits	96,334
Private attorney contracts, bankruptcy, insurance	31,445
Other PAI Activities	<u>36,376</u>
	<u>518,488</u>
Non-LSC fund PAI expenses:*	
Personnel salaries (lawyers, paralegals, clerical)	73,822
Public Law Center	2,180
Other PAI contracts	<u>3,750</u>
	<u>79,752</u>
Total PAI expenses	<u>598,240</u>
Net funds expended in (excess) of requirement	<u>\$ (90,513)</u>

During the year ended January 31, 2022, PAI net expenses amounted to \$90,513 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 were under the 10% of support for fiscal year ended January 31, 2022. However, net assets exceeded the 10% of support requirement by 24.98% (or \$649,998) for the years ended January 31, 2021. The excess funds in fiscal year 2021 were carried over to fiscal year 2022 which was authorized by LSC and which were spent prior to the 2022 basic grant.

*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 sold its Norwalk property and refinanced its two other mortgage notes for the Santa Ana and Tustin buildings with the same financial institution. As of January 31, 2022, the total mortgage notes payable for the four notes was \$2,141,000. 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>			
2023	\$144,248	39,146	183,394
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
Thereafter	<u>912,197</u>	<u>247,548</u>	<u>1,159,745</u>
Totals	<u>\$1,684,000</u>	<u>457,000</u>	<u>2,141,000</u>
Less current portion	<u>(144,248)</u>	<u>(39,146)</u>	<u>(183,394)</u>
Long-term portion	<u>\$ 1,539,752</u>	<u>417,854</u>	<u>1,957,606</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. Principal and interest payments are approximately \$7,500 per month and begin six months from the month the loan is dated which was April 2020. The loan has a rate of 1.0% and is due in February 2026 unless forgiven. In order to be forgiven by the SBA, the Organization must meet certain criteria as stipulated in the loan agreement. The total amount of PPP loan outstanding as of January 31, 2022 was \$1,778,160.

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 December 2022. There was no balance outstanding as of January 31, 2022.

(9) Lease Obligations, and Office Rent and Maintenance

CLA SOCAL rents certain equipment on a month to month basis. For the year ended January 31, 2022, rent expense for the equipment was \$4,799.

Office rent and maintenance expense of \$189,554 for the year ended January 31, 2022 included utilities, janitorial services, parking, trash, and other office maintenance and repair costs and are month to month.

(10) Net Assets with Donor Restrictions

During the year ended January 31, 2022, there were no net assets with donor restrictions that were released to unrestricted net assets as a result of the satisfaction of grantor imposed restrictions. There were no net assets with donor restrictions as of January 31, 2022.

(11) Revenues from Contracts with Customers

Revenue is disaggregated by timing of satisfaction of performance obligations. For the year ended January 31, 2022, performance obligations were satisfied as follows:

At a point in time	\$1,372,560
Over time	<u>3,517</u>
Total revenues from contracts	<u>\$1,376,077</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, 2022.

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 \$20,500 and \$19,500 of pre-tax compensation for calendar years 2022 and 2021, 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 \$6,500 for calendar years 2022 and 2021.

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, 2022, the Board of Directors approved a discretionary contribution of 1.5%. CLA SOCAL contributions are made monthly. Total employer contributions were \$330,415 for the year ended January 31, 2022.

(13) Other Expenses

Included in other expenses for the year ended January 31, 2022 are the following amounts:

	<u>LSC Basic Grant</u>	<u>Other Funds</u>	<u>Totals</u>
Professional contract services	\$11,515	139,365	150,880
Staff training	15,021	3,146	18,167
Advertising/ marketing outreach	18,254	6,206	24,460
Miscellaneous	1,957	3,446	5,403
Repairs and maintenance	5,627	3,001	8,628
Publications and subscriptions	6,590	4,769	11,359
Sundry and related items	2,136	1,055	3,191
Taxes and license	-	58,486	58,486
Software license and consultation	43,877	26,166	70,043
Cares Act relief	728	46,522	47,250
Bank fees/ payroll processing	<u>35,876</u>	<u>17,189</u>	<u>53,065</u>
Totals	<u>\$141,581</u>	<u>309,351</u>	<u>450,932</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 33% of CLA SOCAL's total support and revenues (less donated services) for the year ended January 31, 2022. 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, 2022 in the amount of \$4,047,361. Additionally, it is the intent of CLA SOCAL to bid for LSC funding through December 31, 2023. 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 affect 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) Availability and Liquidity

The following represents CLA SOCAL's financial assets at January 31, 2022:

Financial assets at year end:

Cash and cash equivalents	\$6,200,600
Contributions receivable	1,124,965
Other receivables	<u>8,148</u>
Total financial assets	<u>7,333,713</u>

Less amounts not available
to be used within 1 year:

Net assets with donor restrictions	-
Less net assets with purpose restrictions to be met within one year	<u>(-)</u>
Subtotal	<u>-</u>

Financial assets available to meet
general expenses over the next
12 months:

\$7,333,713

CLA SOCAL's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$3.1M). As part of its liquidity plan, CLA SOCAL only maintains liquid and time deposits in order to meet cash flow needs.

(18) Subsequent Events

In April 2022, CLA SoCal entered into a lease for a building in Norwalk, CA. Lease payments start at approximately \$11,000 per month and commence on June 1, 2022 for a period of 60 months.

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 and management is in the process of evaluating the impact on its operations and its financial statements.

Management has evaluated subsequent events through May 23, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY SCHEDULES

COMMUNITY LEGAL AID SOCAL
Combining Schedule of Financial Position
January 31, 2022
(with comparative totals as of January 31, 2021)

	Legal Services Corporation	Senior Advocacy Program	State Bar of California	
			IOLTA	Equal Access and Others
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 952,860	-	169,007	130,077
Client trust deposits	21	-	-	-
Contribution grants receivable	111,546	58,104	-	411,496
Other receivables	22,400	(546)	(1,621)	(4,209)
Interfund receivable	-	-	-	-
Prepaid expenses and other assets	77,993	-	5,372	5,372
Total current assets	1,164,820	57,558	172,758	542,736
Non-current assets:				
Land, buildings, furniture and equipment, net	59,575	-	-	-
Law library, net	-	-	-	-
Total non-current assets	59,575	-	-	-
Total assets	\$ 1,224,395	57,558	172,758	542,736
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 27,659	700	5,207	10,607
Client trust liability	-	-	-	-
Interfund payable	-	36,616	-	-
Current portion of mortgage notes payable	-	-	-	-
Client trust deposits	-	-	-	-
Accrued vacation	249,739	15,222	56,989	51,057
Advance funding:				
LSC - Basic grant	319,808	-	-	-
LSC - TIG and Pro Bono grant	-	-	-	-
Other participating granting agencies	-	-	159,560	512,779
Total current liabilities	597,206	52,538	221,756	574,443
Long-term liabilities:				
Payroll protection program loan	-	-	-	-
Mortgage notes payable	-	-	-	-
Total long-term liabilities	-	-	-	-
Total liabilities	597,206	52,538	221,756	574,443
Net assets:				
Without donor restrictions:				
Undesignated	627,189	5,020	(48,998)	(31,707)
With donor restrictions	-	-	-	-
Total net assets	627,189	5,020	(48,998)	(31,707)
Total liabilities and net assets	\$ 1,224,395	57,558	172,758	542,736

(continued)

(continued)

	Community Legal Aid SoCal			Totals	
	Other Grants	Building	Eliminations	2022	2021
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 4,477,137	471,519	-	6,200,600	4,585,639
Client trust deposits	4,981	-	-	5,002	4,977
Contribution grants receivable	543,819	-	-	1,124,965	1,005,049
Other receivables	(9,326)	1,450	-	8,148	12,358
Interfund receivable	36,616	-	(36,616)	-	-
Prepaid expenses and other assets	2,820	10,115	-	101,672	82,342
Total current assets	5,056,047	483,084	(36,616)	7,440,387	5,690,365
Non-current assets:					
Land, buildings, furniture and equipment, net	848	4,958,783	-	5,019,206	5,502,905
Law library, net	-	-	-	-	-
Total non-current assets	848	4,958,783	-	5,019,206	5,502,905
Total assets	\$ 5,056,895	5,441,867	(36,616)	12,459,593	11,193,270
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 52,140	4,011	-	100,324	409,470
Client trust liability	5,000	-	-	5,000	5,000
Interfund payable	-	-	(36,616)	-	-
Current portion of mortgage notes payable	-	183,394	-	183,394	155,542
Client trust deposits	-	-	-	-	-
Accrued vacation	44,978	-	-	417,985	392,492
Advance funding:					
LSC - Basic grant	-	-	-	319,808	-
LSC - TIG and Pro Bono grant	-	-	-	-	-
Other participating granting agencies	70,592	-	-	742,931	809,911
Total current liabilities	172,710	187,405	(36,616)	1,769,442	1,772,415
Long-term liabilities:					
Payroll protection program loan	1,778,160	-	-	1,778,160	-
Mortgage notes payable	-	1,957,606	-	1,957,606	2,778,652
Total long-term liabilities	1,778,160	1,957,606	-	3,735,766	2,778,652
Total liabilities	1,950,870	2,145,011	(36,616)	5,505,208	4,551,067
Net assets:					
Without donor restrictions:					
Undesignated	3,106,025	3,296,856	-	6,954,385	6,642,203
With donor restrictions	-	-	-	-	-
Total net assets	3,106,025	3,296,856	-	6,954,385	6,642,203
Total liabilities and net assets	\$ 5,056,895	5,441,867	(36,616)	12,459,593	11,193,270

COMMUNITY LEGAL AID SOCAL
Combining Schedule of Support, Revenues, Expenses, and Changes in Net Assets
Year Ended January 31, 2022
(with comparative totals for the year ended January 31, 2021)

	Legal Services Corporation	Senior Advocacy Program	State Bar of California	
			IOLTA	Equal Access and Others
Support and revenue:				
Contributions-Grants	\$ 4,061,812	461,523	1,094,929	1,675,091
Contributions-Technology grants - TIG - LSC	6,370	-	-	-
Contributions-Pro bono grant - LSC	138,843	-	-	-
Contributions-Covid 19 - LSC	-	-	-	-
Investment income	115	-	-	-
Donated services	42,059	16,868	-	-
Contributions- other	-	-	-	-
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>4,249,199</u>	<u>478,391</u>	<u>1,094,929</u>	<u>1,675,091</u>
Personnel expenses:				
Lawyers	938,382	225,070	366,532	885,288
Paralegals	715,651	74,900	183,762	340,668
Other nonlawyers	1,063,196	39,962	194,481	221,319
Donated services	42,059	16,868	-	-
Payroll taxes and employee benefits	675,378	81,640	233,415	307,323
Total personnel expenses	<u>3,434,666</u>	<u>438,440</u>	<u>978,190</u>	<u>1,754,598</u>
Other expenses:				
Office rent and maintenance	461,667	10,609	18,227	16,339
Equipment rental	3,625	-	590	247
Office supplies and equipment	108,373	5,000	13,512	9,749
Telephone	154,837	-	25,887	24,690
Program travel	4,677	335	302	(62)
Conference travel	55,452	-	6,131	2,315
Library	63,886	12,500	10,245	9,252
Insurance	31,653	-	5,895	7,772
Auditing and accounting	66,255	-	13,041	2,964
Dues and fees	15,457	773	26,062	9,568
Litigation	28,682	-	2,499	1,685
Depreciation	54,303	-	-	-
LSC- Covid relief	302,744	-	-	-
LSC- Pro Bono	152,389	-	-	-
LSC- Technology expenses -TIG	3,537	-	-	-
Support to Public Law Center	-	-	2,180	-
Support to Public Counsel	-	-	-	-
Private attorney involvement	457,614	-	-	16,065
Interest	-	-	-	-
Special event expense - venue and other	-	-	-	-
Other	141,581	10,734	12,493	75,394
Total other expenses	<u>2,106,732</u>	<u>39,951</u>	<u>137,064</u>	<u>175,978</u>
Total expenses	<u>5,541,398</u>	<u>478,391</u>	<u>1,115,254</u>	<u>1,930,576</u>
Increase (decrease) in net assets	(1,292,199)	-	(20,325)	(255,485)
Net assets (deficit) at beginning of year	<u>1,919,388</u>	<u>5,020</u>	<u>(28,673)</u>	<u>223,778</u>
Net assets (deficit) at end of year	<u>\$ 627,189</u>	<u>5,020</u>	<u>(48,998)</u>	<u>(31,707)</u>

(continued)

(continued)

	Community Legal Aid SoCal			Totals	
	Other Grants	Building	Eliminations	2022	2021
Support and revenue:					
Contributions-Grants	\$ 2,818,813	-	-	10,112,168	8,986,462
Contributions-Technology grants - TIG - LSC	-	-	-	6,370	25,000
Contributions-Pro bono grant - LSC	-	-	-	138,843	189,783
Contributions-Covid 19 - LSC	-	-	-	-	546,458
Investment income	86	-	-	201	7,710
Donated services	219,761	-	-	278,688	218,219
Contributions- other	257,858	-	-	257,858	136,793
Special event income -Justice Served	99,422	-	-	99,422	92,049
Rental income	-	612,244	(612,244)	-	900
Payroll protection grant debt forgiveness	-	-	-	-	1,726,899
Gain (loss) on sale of assets	-	652,780	-	652,780	-
Referral fees and miscellaneous income	1,376,077	-	-	1,376,077	615,843
Total support and revenue	4,772,017	1,265,024	(612,244)	12,922,407	12,546,116
Personnel expenses:					
Lawyers	1,206,218	-	-	3,621,490	3,636,248
Paralegals	681,296	-	-	1,996,277	1,924,987
Other nonlawyers	454,066	-	-	1,973,024	1,813,521
Donated services	219,761	-	-	278,688	218,219
Payroll taxes and employee benefits	503,075	-	-	1,800,831	1,791,457
Total personnel expenses	3,064,416	-	-	9,670,310	9,384,432
Other expenses:					
Office rent and maintenance	121,794	173,162	(612,244)	189,554	192,715
Equipment rental	337	-	-	4,799	4,683
Office supplies and equipment	49,160	-	-	185,794	175,812
Telephone	45,820	-	-	251,234	234,987
Program travel	720	-	-	5,972	9,105
Conference travel	4,223	-	-	68,121	57,740
Library	7,455	-	-	103,338	65,574
Insurance	10,388	15,905	-	71,613	72,207
Auditing and accounting	6,890	-	-	89,150	60,958
Dues and fees	13,605	327	-	65,792	66,451
Litigation	(91)	-	-	32,775	22,709
Depreciation	8,689	140,571	-	203,563	212,101
LSC- Covid relief	-	-	-	302,744	-
LSC- Pro Bono	-	-	-	152,389	-
LSC- Technology expenses -TIG	-	-	-	3,537	-
Support to Public Law Center	-	-	-	2,180	3,030
Support to Public Counsel	-	-	-	-	-
Private attorney involvement	61,207	-	-	534,886	405,313
Interest	-	216,427	-	216,427	146,126
Special event expense - venue and other	5,115	-	-	5,115	8,414
Other	152,243	58,487	-	450,932	563,965
Total other expenses	487,555	604,879	(612,244)	2,939,915	2,301,890
Total expenses	3,551,971	604,879	(612,244)	12,610,225	11,686,322
Increase (decrease) in net assets	1,220,046	660,145	-	312,182	859,794
Net assets (deficit) at beginning of year	1,885,979	2,636,711	-	6,642,203	5,782,409
Net assets (deficit) at end of year	\$ 3,106,025	3,296,856	-	6,954,385	6,642,203

COMMUNITY LEGAL AID SOCIAL

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

Year Ended January 31, 2022
(with comparative totals for the year ended January 31, 2021)

	Basic Field Grant	Carryover*	PAI	TIG,Covid, and Pro Bono	Property	Totals	
						2022	2021
Support and revenue:							
Contributions-Grants	\$ 4,061,812	-	-	-	-	4,061,812	4,289,890
Contributions-Technology grants - TIG - LSC	-	-	-	6,370	-	6,370	25,000
Contributions-Pro bono grant - LSC	-	-	-	138,843	-	138,843	189,783
Contributions-Covid 19 - LSC	-	-	-	-	-	-	546,458
Investment income	115	-	-	-	-	115	2,927
Donated services	-	-	42,059	-	-	42,059	33,566
Contributions	-	-	-	-	-	-	-
Rental income - interfund	-	-	-	-	-	-	-
Derivative income	-	-	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-
Total support and revenue	<u>4,061,927</u>	<u>-</u>	<u>42,059</u>	<u>145,213</u>	<u>-</u>	<u>4,249,199</u>	<u>5,087,624</u>
Personnel expenses:							
Lawyers	888,336	50,046	243,011	206,370	-	1,387,763	944,739
Paralegals	704,699	10,952	32,887	57,417	-	805,955	402,684
Other nonlawyers	745,058	318,138	63,226	74,827	-	1,201,249	700,550
Donated services	-	-	42,059	-	-	42,059	33,566
Payroll taxes and employee benefits	574,451	100,927	91,938	81,194	-	848,510	585,596
Total personnel expenses	<u>2,912,544</u>	<u>480,063</u>	<u>473,121</u>	<u>419,808</u>	<u>-</u>	<u>4,285,536</u>	<u>2,667,135</u>
Other expenses:							
Office rent and maintenance	461,667	-	-	1,824	-	463,491	446,685
Equipment rental	3,157	-	468	-	-	3,625	3,655
Office supplies and equipment	79,396	24,682	4,295	12,136	-	120,509	110,689
Telephone	30,368	116,217	8,252	1,948	-	156,785	86,052
Program travel	4,677	-	-	-	-	4,677	3,625
Conference travel	44,689	10,763	-	5,146	-	60,598	50,501
Library	63,841	-	45	-	-	63,886	52,597
Insurance	19,693	-	11,960	-	-	31,653	46,494
Auditing and accounting	62,782	-	3,473	-	-	66,255	34,958
Dues and fees	13,629	1,828	-	2,809	-	18,266	25,417
Litigation	19,237	9,445	-	-	-	28,682	18,963
Support to Public Law Center	-	-	-	-	-	-	-
Private attorney involvement	-	-	24,327	15,000	-	39,327	5,531
Depreciation	-	-	-	-	54,303	54,303	59,107
Other	141,581	-	-	2,224	-	143,805	317,278
Total other expenses	<u>944,717</u>	<u>162,935</u>	<u>52,820</u>	<u>41,087</u>	<u>54,303</u>	<u>1,255,862</u>	<u>1,261,552</u>
Total expenses	<u>3,857,261</u>	<u>642,998</u>	<u>525,941</u>	<u>460,895</u>	<u>54,303</u>	<u>5,541,398</u>	<u>3,928,687</u>
Increase (decrease) in net assets	204,666	(642,998)	(483,882)	(315,682)	(54,303)	(1,292,199)	1,158,937
Other changes in net assets/ cash inflows (outflows):							
PAI	(518,488)	-	483,882	34,606	-	-	-
Purchase of property, equipment and software	-	-	-	-	-	-	-
Payment of debt principal	-	-	-	-	-	-	-
Transfer of proceeds from / returned to LSC	-	-	-	-	-	-	-
Total changes in net assets	(313,822)	(642,998)	-	(281,076)	(54,303)	(1,292,199)	1,158,937
LSC Net assets:							
LSC Net assets at beginning of year	<u>429,282</u>	<u>642,998</u>	<u>-</u>	<u>657,065</u>	<u>190,043</u>	<u>1,919,388</u>	<u>760,451</u>
LSC Net assets at end of year	<u>\$ 115,460</u>	<u>\$ -</u>	<u>-</u>	<u>375,989</u>	<u>135,740</u>	<u>627,189</u>	<u>1,919,388</u>

*- LSC basic field grant net assets exceeded the 10% of support requirement by \$642,998 (or 24.98%) for the year ended January 31, 2021 and was required by 45CFR 1628.2a. to be carried over to fiscal year ended January 31, 2022.

**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, 2022, 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 23, 2022.

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 23, 2022

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, 2022. 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, 2022.

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 23, 2022

COMMUNITY LEGAL AID OF SOCAL

Schedule of Expenditures of Federal Awards

Year Ended January 31, 2022

Federal Grantor Program Title/ Pass-through Grantor	Federal Assistance Listing	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	01/01/2021 - 12/31/2021	4,490,404	4,490,404	
Legal Services Corporation for low income - basic grant	09.805310	805310	01/01/2022 - 12/31/2022	3,837,702	-	
Pro Bono Innovation Fund (PBIF)	09.805310	PB18022	10/01/2020 - 03/30/2022	208,265	152,389	
COVID-19 Response Grant	CV20122	805310	3/1/2020-9/30/2021	546,458	302,744	
TIG Grant LMS Projects		805310	10/1/2021-9/30/2023	114,668	3,537	
Subtotal - Legal Services Corporation					4,949,074	*
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	07/01/2020 - 06/30/2021	330,708	135,008	
County of Orange Community Services Agency	93.044	35	07/01/2021 - 06/30/2022	357,105	201,645	
Subtotal-Special Programs for the Aging-Title IIIB - 93.044					336,653	
CARES Act for Supportive Services Under Title III-B						
County of Orange Community Services Agency	93.044	N/A	08/2020-09/2021	176,913	113,895	
Subtotal-CARES Act for Supportive Services Under Title III-B - 93.044						
Subtotal -County of Orange Community Services Agency					450,548	
State of California, Community and Senior Services of Los Angeles County:						
CalWORKs -Temporary Assistance for Needy Families	93.558	PH-004236	07/01/2020 - 06/30/2021	615,012	311,546	
CalWORKs - Temporary Assistance for Needy Families	93.558	PH-004236	07/01/2021 - 06/30/2022	712,125	367,952	
Subtotal - CalWORKs - Domestic Violence Supportive Services - 93.558					679,498	
Subtotal -U.S. Department of Health and Human Services					1,130,046	-
U.S. Department of Treasury:						
Pass through:						
State of California, Community and Senior Services of Los Angeles County:						
CalWORKs - Covid 19 - Coronavirus Relief Fund	21.019	PH-004320	03/01/21-6/30/21	41,894	41,894	
Subtotal - U.S. Department of Treasury					41,894	-
U.S. Department of Housing and Urban Development:						
Community Development Block Grants/ Entitlement Grants Cluster - pass-through:						
City of Compton FY 20/21	14.218	B-11-MC-06-0524	07/01/2020-06/30/2021	25,000	20,626	
City of Santa Ana Domestic Violence FY 20/21	14.218	B-18-MC-06-0508	07/01/2020-06/30/2021	37,500	19,754	
City of Santa Ana Domestic Violence FY 21/22	14.218	B-18-MC-06-0508	07/01/2021-06/30/2022	37,500	17,597	
City of Norwalk Domestic Violence FY 21/22	14.218		07/01/2021-06/30/2022	25,000	4,336	
Covid 19 -DPSS CSBG CARES 2021-22	14.218	4LG2115LSC	8/1/2021-5/31/2022	50,000	25,566	
Subtotal - US Dept HUD - Community Development Block Grants Cluster - 14.218					87,879	-
U.S. Department of Justice:						
Cal OES - pass through:						
Legal Assistance for Victims (XL)	16.524	XL20 03 1109	1/1/2021-12/31/2021	206,000	190,083	
Legal Assistance for Victims (XL)	16.524	XL21 04 1109	1/1/2022-12/31/2022	206,000	15,629	
Legal Assistance for Victims (FX)	16.524	FX 18 01 1109	1/1/2019-3/31/2021	337,293	17,783	
Legal Assistance for Victims (Rainbow Services)	16.524	XL 20 03 1339	1/1/2021-12/31/2021	100,000	90,837	
Legal Assistance for Victims (Rainbow Services)	16.524	XL 21 04 1339	1/1/2022-12/31/2022	100,000	5,022	
Legal Assistance for Victims (Foster Youth)	16.524	KI20 03 1109	1/1/2021-12/31/2021	175,192	166,083	
Legal Assistance for Victims (Foster Youth)	16.524	KI21 04 1109	1/1/2022-12/31/2022	181,058	14,987	
Legal Assistance for Victims (Human Options)	16.524	OVW-2018-13828	10/1/2018-9/30/2021	303,264	45,602	
Legal Assistance for Victims (Rainbow Services)	16.524	2018-WL-AX-0014	10/1/2018-9/30/2021	270,216	126,024	
Legal Assistance for Victims (Rainbow Services)	16.524	VW-21-GG-00408-	10/1/2021-9/30/2024	270,000	32,493	
Subtotal - Legal Assistance for Victims - 16.524					704,541	
Cal OES - pass through:						
Crime Victim Assistance (KU)	16.575	KU19 01 1109	4/1/2020-6/30/2021	124,824	124,824	
Crime Victim Assistance Emergency Fund	16.575		1/1/2021-7/31/2021	29,262	29,262	
Subtotal - Crime Victim Assistance - 16.575					154,086	
Subtotal -U.S. Department of Justice					858,627	-
Total Federal Award Expenditures					\$ 7,067,520	-

* - Denotes major program

COMMUNITY LEGAL AID SOCAL

Notes to the Schedule of Expenditures of Federal Awards

January 31, 2022

(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, 2022.

(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, 2022

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 program of the auditee was the Legal Services Corporation Program, CFDA No. 09.805310.
 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, 2022 for purposes of determining major programs.

COMMUNITY LEGAL AID SOCAL
Summary Schedule of Prior Audit Findings

Year ended January 31, 2022

There were no findings reported in the single audit report for the year ended January 31, 2021.