

APPLICATION FOR
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT PROGRAM
-- 2014 Program Year Funding--

ACTIVITY NAME: Homelessness Prevention Project
APPLICANT: Legal Aid Society of Northeastern New York, Inc.
MAILING ADDRESS: 40 New Street
Saratoga Springs Zip: 12866
PHONE: (518) 689-6304 FAX: (518) 427-8352 EMAIL: lmoy@lasnny.org
CONTACT PERSON: Lillian M. Moy TITLE: Executive Director

APPLICANT: (select 1) City Department Private non-profit organization Other Public Agency
141338448
(List Dept.) (List Federal ID#) (Specify)

17-225-7115

(DUNS #)

NATIONAL OBJECTIVE (select 1):

"Benefit persons of Low/moderate income"

"Address slum/blight Conditions"

"Urgent CD Need"

L/M Income Area Benefit

"N/A" Slum/blighted Area

"N/A" Urgent Need

L/M Income Limited Clientele Activities

Slum/blighted Spot Basis

L/M Income Housing Activities

"N/A" Urban Renewal Completion

L/M Income Job Creation/Retention

REQUESTED ENTITLEMENT FUNDING: \$ 16,000

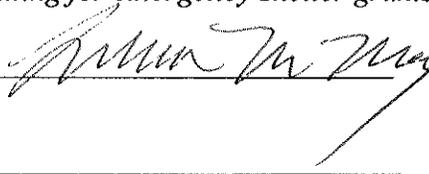
Funding Leveraged from Other Sources: \$ 5,333

Total Activity Cost \$ 21,333

Proposal Abstract -- please provide a *brief* overview of your proposal including the number of persons that will be served with this grant in the space below:

The Saratoga Springs Homelessness Prevention Project will continue to prevent homelessness among low income individuals and families in the City of Saratoga Springs. A part-time staff attorney at the Legal Aid Society will provide free legal advice, referrals and representation to prevent unwarranted or illegal evictions. If fully funded, we will serve 60 households. We will prioritize evictions involving affordable housing, violations of the warranty of habitability due to unsafe living conditions, such as lead paint based hazards; electrical, plumbing and structural hazards; or lack of heat and running water. We will also try to prevent homelessness by advocating for emergency shelter grants and ongoing cash assistance.

(Authorized Signature)



Executive Director
(Title)

Lillian M. Moy
(Typed or Printed Name)

January 22, 2014
(Date)

1. ACTIVITY DESCRIPTION

The Homelessness Prevention Project (HPP) provides eviction defense representation, and related public assistance representation in emergency shelter or public assistance issues, to low and moderate income residents of the City of Saratoga Springs. The goal of the project is to prevent involuntary homelessness by providing a broad range of legal services from information, advice, brief service to full representation and community legal education.

A. The Homelessness Prevention Project is an ongoing activity funded in previous years by the CDBG.

B. Community Need.

The Homelessness Prevention Project (HPP) meets the need for homelessness prevention services identified as one of the highest priorities for homeless facilities and services funding in the City's 2010 Consolidated Plan. CDBG funding will be used to fund 22.4% of a staff attorney to prevent unwarranted and illegal evictions.

The City's 2010 Consolidated Plan highlights the overwhelming rent burden that many renters, low income people and vulnerable Saratoga Springs residents face. The City logically concludes that there is a disproportionate housing need amongst these residents, those prioritized for services by the HPP, and that homelessness prevention activities meet both high priority housing and public service needs. The Project will continue to prioritize households facing eviction from homes with lead-based paint hazards and code conditions, consistent with the high priority the City places on these issues as well. The HPP will strive to reduce the initial incidence of homelessness by immediately intervening in instances of threatened or actual eviction, as well as by seeking to address the underlying financial factors which precipitate homelessness. As resources permit, advice will also be given on the rights and responsibilities of tenants and landlord/tenant counseling in order to assist tenants in maintaining current, affordable housing. Emphasis is placed on providing both individual tenants and the community in general with increased knowledge and skills related to the respective rights and responsibilities of tenants and landlords, as well as representation in court. Entitlement benefits advocacy and representation at fair hearings will be provided as needed to ensure receipt of emergency assistance or ongoing cash benefits.

There is no other program of publicly funded lawyers for low income tenants at risk of homelessness in the City of Saratoga Springs. Our OTDA funding may only be used in rural Saratoga County. It is CDBG funding that helps to provide this service to the City's at-risk residents. While other agencies may offer case management or lay advocacy services, only the Legal Aid Society can provide lawyers to contest these legal proceedings.

Low income and vulnerable residents in the City of Saratoga Springs urgently need access to the services of the HPP. Consider the following stories of HPP clients who were able to avoid homelessness:

"Bill", an elderly client, was served with a Notice of Violation of the Lease due to the conditions in his apartment. The Code Enforcement Office had inspected the premises and had written a letter to Bill and the SSHA, indicating that there were a number of code violations caused by the tenant and that he had

failed to address these violations since a previous inspection one month prior. Bill requested an informal hearing with the SSHA, which the HPP attorney attended with him. We scheduled a further inspection by the SSHA and agreed that if the residence was in decent condition, both parties would try to reach an agreement for periodic inspections for a short time and the SSHA would postpone its filing of any eviction action, so long as the condition remained satisfactory. That inspection went well and the dispute was resolved. Through early intervention, we helped Bill avoid being taken to court for eviction from public housing, which could potentially bar future public housing tenancies and leave Bill homeless.

“Mary” was being evicted from subsidized senior housing after her toilet overflowed on 3-4 occasions. We attempted to negotiate a settlement that would allow Mary to stay in her housing; however, the housing entity would not agree to let her stay. A hearing was held where we made a motion to dismiss for jurisdictional issues and presented testimony and argument that there was no good cause reason for eviction as required in subsidized housing. After supporting memoranda on the facts and law were submitted by both parties, the judge decided the eviction case had to be dismissed based on the jurisdictional and notice defects. Mary was able to maintain the legal right to her subsidized housing.

In the 2012-2013 grant period, the HPP served 37 new households and prevented involuntary homelessness for 21 of them, benefitting 34 extremely low, low or moderate income persons. The HPP also supported two trainings in housing law to local social services agencies.

During this program year, the HPP staff attorney, Stuart Kaufman, continued the “attorney in the court room” program in Saratoga City Court where he is available at court on a weekly basis when the landlord/tenant cases are heard to assist individuals who are financially eligible for HPP legal services, with advice and representation to help them resolve their housing issues. The HPP staff attorney also continued to participate in and attend meetings of the Saratoga Housing Alliance as his schedule allows.

Homelessness was prevented by the HPP lawyer preventing eviction, allowing households to retain their permanent housing or by gaining additional time for the households to locate permanent housing. In addition to assisting clients in retaining housing and providing clients with the time necessary to locate and secure alternate housing, the HPP also helped clients enforce their rights to safe and healthy living conditions, assisted clients in gaining access to personal property wrongfully withheld by landlords, and worked with clients to access available resources to help them staff off future homelessness. We were also able to prioritize assistance to the elderly and disabled, as well as other disadvantaged tenants, in maintaining public housing through litigation and information negotiation with Section 8 landlords and the local housing authority. This housing is often the last option before homelessness for at-risk, low-income individuals and families. We believe we also prevented involuntary homelessness for other households to whom we provided advice and brief service. From July 1, 2013 to December 31, 2013, we handled 24 requests for assistance, preventing homelessness for 12 households, benefitting 34 people. Project intake continues to be on track with three new intakes as of January 24, 2014.

C. Who Will Benefit

The Homelessness Prevention Project is designed to benefit Saratoga Springs residents who are low income. The Legal Aid Society interviews each applicant for eligibility according to their income and

assets. Under our 2013 financial guidelines, a household of four cannot have a monthly gross income greater than \$2,453 (annualized at \$29,438). This is well below the income levels identified for the low income households the City aims to serve with its Community Development Block Grant program.

D. Performance Goals

If fully funded, the HPP will serve 60 low income households with advice, brief service, negotiation and full representation designed to prevent homelessness. We expect to prevent homelessness for 80% of the households who receive full representation. In 2012-13, we prevented homelessness for 56% of the households who received extended representation. Case file records and the Society’s case management system will document whether we have met our performance goals.

E. Timeframe/Schedule

<u>Activity</u>	<u>Time Frame</u>
1. Commence CDBG-funded Homelessness Prevention representation	July 1, 2014
2. Outreach/community networking to announce renewed Homelessness Prevention Project at community meetings. Provide ongoing notice of Project at community meetings.	Ongoing from date of commencement.
3. Homelessness Prevention Project representation to low income households.	Ongoing from date of commencement.
4. Community Legal Education event on landlord-tenant rights and responsibilities.	By January 31, 2015

F. The Homelessness Prevention Project does not require any additional local, state or federal approval.

2. Organizational Capacity

A. Overview of the Legal Aid Society of Northeastern New York

The Legal Aid Society of Northeastern New York (LASNNY) is the sole direct provider of civil legal services to the poor located in Saratoga Springs. We are the successor organization to the Legal Aid Society of Albany which was founded in 1923. We provide civil legal services to low income people in 16 counties in northeastern New York in a broad range of substantive areas including public assistance, housing, family and consumer law.

LASNNY has five offices, with the main office in Albany at 55 Colvin Avenue. We have had an office in Saratoga Springs since 1980 and are currently located at 40 New Street. The Saratoga staff consists of seven attorneys, two paralegals and two support staff. Our current annual budget is \$6,630,619. Attached is a copy of our current Board officers and members. Our Saratoga Springs Board member is

attorney, Ronald J. Kim of the Law Offices of Ronald J. Kim.

LASNNY has received CDBG funding in the past, as follows:

October 1996 - September 1997	Homelessness Prevention Project	13,500
October 1997 - September 1998	Homelessness Prevention Project	15,000
October 1998 - September 1999	Homelessness Prevention Project	8,000
October 1999 - September 2000	Homelessness Prevention Project	15,000
July 1, 2001 - June 30, 2002	Homelessness Prevention Project	15,000
July 1, 2002 - June 30, 2003	Homelessness Prevention Project	15,000
July 1, 2003 - June 30, 2004	Homelessness Prevention Project	15,000
July 1, 2004 - June 30, 2005	Homelessness Prevention Project	15,000
July 1, 2005 - June 30, 2006	Homelessness Prevention Project	16,000
July 1, 2006 - June 30, 2007	Homelessness Prevention Project	16,000
July 1, 2007 - June 30, 2008	Homelessness Prevention Project	13,000
July 1, 2008 - June 30, 2009	Homelessness Prevention Project	12,000
July 1, 2009 - June 30, 2010	Homelessness Prevention Project	12,000
July 1, 2010 - June 30, 2011	Homelessness Prevention Project	12,000
July 1, 2011 - June 30, 2012	Homelessness Prevention Project	10,059
July 1, 2012 - June 30, 2013	Homelessness Prevention Project	8,000
July 1, 2013 - June 30, 2014	Homelessness Prevention Project	8,378

B. LASNNY's Experience -- In 2012, LASNNY closed 8,611 cases in various substantive areas, including homelessness prevention, housing, public assistance, disability and family law. Our work, including legal representation, community legal education (in person, in print and on the internet), information and referrals directly benefitted 58,234 individuals. Some of the benefits clients received were the prevention of homelessness funded by this grant and safety from domestic violence. This includes case closings under our Private Attorney Involvement (PAI) program. Via the PAI program, LASNNY screens and refers cases for low income clients to private attorneys who handle these cases on a pro bono basis. In December 2013, LASNNY moved to its new location at 40 New Street.

We have successfully administered a Homelessness Prevention Project funded by CDBG grant funds for 16 contract years. The Society continues to have the skills and staff to provide the highest possible quality legal services to prevent homelessness in the City of Saratoga Springs. Landlord-tenant and public assistance matters have long been part of the Legal Aid Society's daily work.

Our staff of experienced and committed attorneys, along with our systems to provide legal services in an efficient and effective manner, enable us to achieve the significant success of our Homelessness Prevention Project. Our work as advocates in the Saratoga Springs community, our experience in administering public funds responsibly, and our ability to produce the high priority outcomes desired demonstrate our ability to continue the Homelessness Prevention Project. We are midway in fulfilling our current contract, and as of December 31, 2013, have served 24 of our projected 30 households.

C. HPP staff include:

\$13,693 – 22.4% FTE Staff Attorney (or about eight hours per week)

Mary Withington - .3% FTE Supervising Attorney (or less than one hour per week)

Julie Casner - .3% FTE Legal Secretary (or less than one hour per week)

The CDBG staff attorney is Stuart Kaufman, who has been with the Legal Aid Society since 2006. The Supervising Attorney and the Executive Director will monitor the quarterly statistics to enable us to gauge the quantity of client services and the level of services being provided. Financial management is performed by Lillian M. Moy, Executive Director and Shamim Huq, Fiscal Director, both of whom have extensive experience in program and financial management.

D. While there are no other formal partners in this activity, the Legal Aid Society will work cooperatively with staff of the City of Saratoga Springs Community Development Office, the Office of Public Safety and many other community agencies in implementing the Homelessness Prevention Project.

3. ACTIVITY BUDGET

A. See Attached.

B. If fully funded, substantial leveraging of 25% is pledged through Legal Services Corporation (LSC) funding. LSC funds are received to fund legal services to income-eligible clients, consistent with LSC requirements and restrictions.¹

¹ The Legal Aid Society of Northeastern New York, Inc. is funded in part by the Legal Services Corporation. As a condition of the fund it receives from LSC, it is restricted from engaging in certain activities in all of its legal work -- including work supported by other funding sources. The Legal Aid Society of Northeastern New York may not expend any funds for any activity prohibited by the Legal Services Corporation Act, 42 U.S.C. 2996 et seq. or by Public Law 104-134. Public Law 104-134 §504(d) requires that notice of these restrictions be given to all funders of programs funded by the Legal Services Corporation. For a copy of these laws or for any other information or clarifications, please contact Lillian M. Moy, Executive Director.

(Attachment 1)

Program Operating Budget
Entitlement Grant + Leveraged Funds = Total Activity Cost)

	Entitlement Grant	Leveraged Funds*	Total Activity Cost	*Source of leveraged Funds and In-Kind Services
PERSONNEL				
Salaries	12,308	2,532	14,840	<i>LSC</i>
Fringe	3,692	760	4,452	<i>LSC</i>
Other (consultants, etc.)				
<i>Subtotal</i>	15,972	3,292	19,292	

OVERHEAD				
Advertising/Marketing	0	0	0	
Program Supplies	0	0	0	
Rent & Utilities	0	0	0	
Other - List below				
<i>Program costs – Library, telephone, misc.</i>	0	1,975	1,975	<i>LSC</i>
<i>Audit</i>	0	66	66	<i>LSC</i>
<i>Subtotal</i>	0	2,041	2,041	

TOTAL COST	\$16,000	\$5,333	\$21,533
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**Attachment to
Program Operating Budget**

Position	Salary	%Time on Grant	Project Cost	CDBG Funds	Match	% CDBG
Staff Attorney	\$61,106	22.4%	13,695	12,308	1,387	90%
Supv. Attorney	102,997	.3%	309	0	309	0%
Executive Director	156,012	.3%	468	0	468	0%
Fiscal Director	80,080	.3%	240	0	240	0%
Legal Secretary	42,757	.3%	128	0	128	0%
TOTAL SALARIES		23.6%				
Fringe @ 30%			4,452	3,692	760	77%
PERSONNEL SUBTOTAL			19,292	16,000	3,292	
Program Costs*			1,975	0	1,975	
Audit			66	0	66	0%
NON-PERSONNEL SUBTOTAL			2,041	0	2,041	
TOTAL PROJECT COST			21,333	16,000	5,333	75%

***Program Costs:**

Space	671
Telephone	138
Library	178
Supplies	257
Training travel	100
Equip. Rental	98
Contract Svcs.	375
Other	158

(Attachment 3)
 OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133
 MONITORING OF FEDERAL FINANCIAL ASSISTANCE TO SUBRECIPIENTS

ORGANIZATION: Legal Aid Society of Northeastern New York, Inc.

MAILING ADDRESS: 55 Colvin Avenue, Albany, NY 12206

FEDERAL ID# 14-1338448 PHONE: (518) 462-6765 FAX: (518) 427-8352

1. Please identify your fiscal year: January 1 to December 31

Please identify below the funding received during your last fiscal year:

2. Community Development Block Grant Entitlement Funding (CDBG):

CDBG Activity Name: Homelessness Prevention Program

CDBG Funding Program Year: 7/13 - 6/14 CDBG Funding Amount: \$8,378

3. Other Federal Financial Awards (cash & non-cash):

GIVE NAME & CATALOG OF FEDERAL FINANCIAL ASSISTANCE (CDFA) #	AMOUNT OF AWARDS
<u>Legal Services Corporation 10.233010</u>	<u>\$1,139,532</u>
<u>US Dept. Housing & Urban Development 14.235</u>	<u>\$ 36,273</u>
<u>US Dept. Housing & Urban Development 14.235</u>	<u>\$ 33,815</u>
<u>US Dept. Housing & Urban Development 14.235</u>	<u>\$ 33,102</u>
<u>US Dept. Housing & Urban Development 14.235</u>	<u>\$ 30,694</u>
<u>US Department of Justice 16.524</u>	<u>\$ 440,000</u>

4. During your last fiscal year, has your organization expended more than \$300,000 in total federal financial awards (inc. CDBG and all other federal assistance)? YES* X NO

*If "yes", include a copy of your latest Single Audit Report with this completed and signed form as part of your application. If you answered "No", please complete, sign and return this form.

5. Are you aware of any financial audit violations, findings or questioned costs relating to any activity funded with federal financial assistance?

YES* NO X

*If yes, please describe:

6. Other Saratoga County Awards (cash & non-cash):

IDENTIFY PROGRAM NAME & YEAR OF AWARD	IDENTIFY AMOUNT OF CO. AWARDS
_____	_____
_____	_____
_____	_____


 Authorized Signature

JANUARY 22, 2014
 Date

**APPLICATION FOR
COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG)
ENTITLEMENT PROGRAM
*-- 2014 Program Year Funding --***

**Attachment A
List of Board Officers/Members**

APPLICATION FOR
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT PROGRAM
-- 2014 Program Year Funding --

LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK
BOARD OF DIRECTORS

PRESIDENT

E. Stewart Jones, Esq.

1ST VICE PRESIDENT

Thomas J. O'Connor, Esq.

2ND VICE PRESIDENT

Karen Kenison

TREASURER

Ronald Kim, Esq.

SECRETARY

Andrew Schrader, Esq.

MEMBERS

John Caffry, Esq.

Cathy Clark

Jondavid DeLong, Esq.

Sanjeeve DeSoyza, Esq.

Benjamin Fishman

Wendy Frost

Stephen Johnston, Esq.

Edward Kaplan, Esq.

William S. Nolan, Esq.

Nicholas Pignone, Esq.

Charles Robinson

Patricia L.R. Rodriguez, Esq.

Bethany Schumann-McGhee, Esq.

Shaton Vance

Jenifer Wharton, Esq.

**APPLICATION FOR
COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG)
ENTITLEMENT PROGRAM
*-- 2014 Program Year Funding --***

**Attachment B
Evidence of Match Funds**

LEGAL SERVICES CORPORATION
Acceptance of Grant Award

Recipient Number: 233010
Recipient Name: Legal Aid Society of Northeastern New York, Inc.
Service Area(s): NY-21

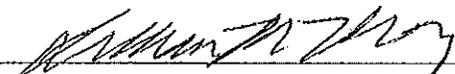
Service Area(s)	Grant Type	Amount	Start Date	End Date
NY-21	Basic Field-General	\$1,139,522	1/1/2014	12/31/2014

Recipient accepts the offer of the above-listed grant(s) as made in the grant award letter to which this Acceptance is attached, including the terms, conditions and assurances set forth in that letter, and any other special conditions attached hereto.

CONDITIONS: None

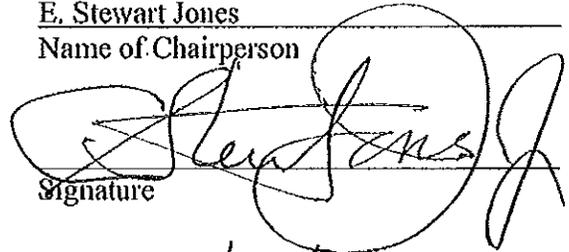
Recipient understands and agrees that the Grant Assurances for Year 2014 it certified to are fully applicable to this grant.

Lillian M. Moy
Name of Executive Director


Signature

1/9/14
Date

E. Stewart Jones
Name of Chairperson


Signature

1/7/14
Date

To accept the terms of this grant and ensure the timely issuance of grant payments, review and sign this enclosure and follow the instructions in Attachment A for submitting special grant conditions (SGCs) and the Acceptance of Grant Award (AGA). All SGCs and the AGA must be submitted to LSC on or before January 17, 2014.

**APPLICATION FOR
COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG)
ENTITLEMENT PROGRAM
*-- 2014 Program Year Funding --***

**Attachment C
2012 Financial Audit**

*THE LEGAL AID SOCIETY
OF NORTHEASTERN NEW YORK, INC.
LSC RECIPIENT 233010*

*FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
DECEMBER 31, 2012 AND 2011*

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

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DECEMBER 31, 2012 AND 2011

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Certified Public Accountants LLC
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MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Legal Aid Society
of Northeastern New York, Inc.
Albany, New York

We have audited the accompanying financial statements of The Legal Aid Society of Northeastern New York, Inc. (a nonprofit organization), LSC Recipient 233010, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Legal Aid Society of Northeastern New York, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of support, revenue, expenses and changes in net assets on page 17 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2013 on our consideration of The Legal Aid Society of Northeastern New York, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 The Legal Aid Society of Northeastern New York, Inc.'s internal control over financial reporting and compliance.

The audit partner responsible for the 2012 and 2011 audits of The Legal Aid Society of Northeastern New York, Inc., LSC Recipient 233010, is John A. Criscione, CPA. The employer ID# for Cusack & Company, CPA's LLC is 14-1800427.



CUSACK & COMPANY, CPA'S, LLC

Latham, New York
April 26, 2013

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,498,865	\$ 1,167,214
Client Escrow Funds	32,767	31,616
Grants and Accounts Receivable	643,014	1,129,382
Promises to Give, Net of Allowance	156,887	170,950
Prepaid and Other Current Assets	<u>46,729</u>	<u>113,618</u>
Total Current Assets	<u>2,378,262</u>	<u>2,612,780</u>
Property		
Land, Building and Equipment, at Cost	1,514,391	1,462,431
Less: Accumulated Depreciation	<u>(867,551)</u>	<u>(782,775)</u>
Total Property, Net	<u>646,840</u>	<u>679,656</u>
Other Assets		
Endowment Fund	155,505	67,967
Tuition Loan Program	37,160	47,153
Security Deposits	<u>5,495</u>	<u>3,855</u>
Total Other Assets	<u>198,160</u>	<u>118,975</u>
Total Assets	<u>\$ 3,223,262</u>	<u>\$ 3,411,411</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Line of Credit Payable	\$ -	\$ 265,000
Current Portion of Long-Term Debt	6,861	27,013
Accounts Payable	196,347	193,620
Accrued Expenses	294,402	384,700
Client Trust Deposits	32,767	31,616
Deferred Revenues	<u>592,932</u>	<u>545,638</u>
Total Current Liabilities	1,123,309	1,447,587
Noncurrent Liabilities		
Long-Term Debt, Net of Current Portion	<u>72,111</u>	<u>78,269</u>
Total Liabilities	<u>1,195,420</u>	<u>1,525,856</u>
Net Assets		
Unrestricted	673,301	727,975
Temporarily Restricted	<u>1,354,541</u>	<u>1,157,580</u>
Total Net Assets	<u>2,027,842</u>	<u>1,885,555</u>
Total Liabilities and Net Assets	<u>\$ 3,223,262</u>	<u>\$ 3,411,411</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Legal Services Corporation	\$ -	\$ 1,265,773	\$ 1,265,773
Legal Services Corporation TIG	-	71,640	71,640
Disability Advocacy Program	-	431,875	431,875
Interest on Lawyers Account	-	985,000	985,000
Community Development Block Grants	-	9,030	9,030
Contributions, Fund Raising & Donated Services	197,213	76,647	273,860
Interest Income	2,331	-	2,331
Unrealized Gain on Endowment Fund	10,395	-	10,395
NYS Member Items	-	12,089	12,089
Senior Legal Services/Office for the Aging	-	61,758	61,758
STOP Grants	-	71,297	71,297
Legal Aid Society Homelessness Unit	-	125,027	125,027
Miscellaneous	87,855	14,035	101,890
Other Local Grants	-	89,218	89,218
Division of Criminal Justice Services	-	57,790	57,790
Protection and Advocacy Programs	-	133,471	133,471
Nutrition Consortium	-	247,058	247,058
Domestic Violence Legal Assistance Program	-	314,835	314,835
NYS Housing Trust Fund Corp	-	311,398	311,398
NYS Solutions to End Homelessness	-	239,008	239,008
Foreclosure Prevention Program	-	6,303	6,303
Homelessness Prevention and Rapid Rehousing Program	-	75,593	75,593
NYS Judiciary CLS	-	1,378,269	1,378,269
Net Assets Released from Restrictions	<u>5,780,153</u>	<u>(5,780,153)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>6,077,947</u>	<u>196,961</u>	<u>6,274,908</u>
Expenses			
Legal Services	5,473,395	-	5,473,395
Management and General	473,954	-	473,954
Fund Raising	<u>185,272</u>	<u>-</u>	<u>185,272</u>
Total Expenses	<u>6,132,621</u>	<u>-</u>	<u>6,132,621</u>
Increase/Decrease in Net Assets	(54,674)	196,961	142,287
Net Assets at Beginning of Year	<u>727,975</u>	<u>1,157,580</u>	<u>1,885,555</u>
Net Assets at End of Year	<u>\$ 673,301</u>	<u>\$ 1,354,541</u>	<u>\$ 2,027,842</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Legal Services Corporation	\$ -	\$ 1,483,208	\$ 1,483,208
Disability Advocacy Program	-	432,562	432,562
NYS Legislative	-	120,106	120,106
Interest on Lawyers Account	-	968,268	968,268
Community Development Block Grants	-	11,299	11,299
Contributions, Fund Raising & Donated Services	275,730	14,600	290,330
Interest Income	1,608	-	1,608
Unrealized Loss on Endowment Fund	(2,741)	-	(2,741)
NYS Member Items	-	144,916	144,916
Senior Legal Services/Office for the Aging	-	60,471	60,471
STOP Grants	-	61,867	61,867
Legal Aid Society Homelessness Unit	-	119,380	119,380
Miscellaneous	108,210	13,520	121,730
Other Local Grants	-	109,185	109,185
Homelessness Intervention Program	-	166,262	166,262
Protection and Advocacy Programs	-	119,700	119,700
Nutrition Consortium	-	195,007	195,007
Domestic Violence Legal Assistance Program	-	277,312	277,312
NYS Department of Health - AIDS	-	1,326	1,326
NYS Housing Trust Fund Corp	-	334,684	334,684
Foreclosure Prevention Program	-	10,675	10,675
Homelessness Prevention and Rapid Rehousing Program	-	714,735	714,735
NYS Judiciary CLS	-	391,875	391,875
Net Assets Released from Restrictions	<u>5,672,972</u>	<u>(5,672,972)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>6,055,779</u>	<u>77,986</u>	<u>6,133,765</u>
Expenses			
Legal Services	5,415,287	-	5,415,287
Management and General	417,359	-	417,359
Fund Raising	<u>161,553</u>	<u>-</u>	<u>161,553</u>
Total Expenses	<u>5,994,199</u>	<u>-</u>	<u>5,994,199</u>
Increase in Net Assets	61,580	77,986	139,566
Net Assets at Beginning of Year	<u>666,395</u>	<u>1,079,594</u>	<u>1,745,989</u>
Net Assets at End of Year	<u>\$ 727,975</u>	<u>\$ 1,157,580</u>	<u>\$ 1,885,555</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Increase in Net Assets	\$ 142,287	\$ 139,566
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	84,776	91,785
Bad Debt Expense	30,878	8,378
Unrealized (Gain) Loss on Endowment Fund	(10,395)	2,741
Changes in Operating Assets and Liabilities		
(Increase) Decrease in Assets		
Promises to Give	(16,815)	5,487
Grants and Accounts Receivable	486,368	(219,688)
Prepaid and Other Current Assets	66,889	(55,016)
Endowment Fund	(77,143)	(14,769)
Tuition Loan Program	9,993	3,046
Security Deposits	(1,640)	-
Increase (Decrease) in Liabilities		
Accounts Payable	2,727	107,415
Accrued Expenses	(90,298)	30,174
Deferred Revenues	<u>47,294</u>	<u>142,317</u>
Net Cash Provided By Operating Activities	<u>674,921</u>	<u>241,436</u>
Cash Flow Used In Investing Activities:		
Purchase of Land, Building and Equipment	<u>(51,960)</u>	<u>(21,861)</u>
Net Cash Used In Investing Activities	<u>(51,960)</u>	<u>(21,861)</u>
Cash Flow Provided By (Used In) Financing Activities:		
Payments on Mortgages Payable	(26,310)	(28,532)
Net Proceeds (Payments) from Line of Credit	<u>(265,000)</u>	<u>265,000</u>
Net Cash Provided By (Used In) Financing Activities	<u>(291,310)</u>	<u>236,468</u>
Increase in Cash and Cash Equivalents	331,651	456,043
Cash and Cash Equivalents, Beginning of Year	<u>1,167,214</u>	<u>711,171</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,498,865</u>	<u>\$ 1,167,214</u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	<u>\$ 8,747</u>	<u>\$ 14,036</u>
Other Non-Cash Activities		
In-Kind Donation of Legal Services	<u>\$ 3,384</u>	<u>\$ 7,233</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Legal Services			Management and General		Supporting Services		Total Expenses
	Private Attorney Involvement	Technology Initiative Grant	General Client	Total	Fund Raising	Total		
Expenses								
Salaries and Wages								
Lawyers	\$ 26,199	\$ 3,684	\$ 2,283,211	\$ 2,313,094	\$ 53,027	\$ 8,661	\$ 61,688	\$ 2,374,782
Non-Lawyers	111,975	-	849,895	961,870	264,058	72,586	336,644	1,298,514
Employee Benefits	49,224	631	1,078,569	1,128,424	100,367	25,674	126,041	1,254,465
Contract Services	967	64,443	290,219	355,629	16,669	11,089	27,758	383,387
Audit and Accounting	-	12	21,084	21,096	1,948	496	2,444	23,540
Legal and Professional Fees	-	-	-	-	3,384	-	3,384	3,384
Travel and Training	5,010	402	109,331	114,743	5,572	2,293	7,865	122,608
Occupancy	-	66	114,528	114,594	10,580	2,744	13,324	127,918
Repairs and Maintenance	-	10	16,491	16,501	1,524	388	1,912	18,413
Office Expense	3,385	56	109,021	112,462	8,996	17,185	26,181	138,643
Telephone	511	19	34,613	35,143	3,079	1,943	5,022	40,165
Library	-	44	74,481	74,525	-	-	-	74,525
Insurance	-	13	21,917	21,930	708	180	888	22,818
Professional Dues	-	-	12,549	12,549	-	-	-	12,549
Equipment Rental and Maintenance	22	116	31,300	31,438	2,986	879	3,865	35,303
Depreciation	-	-	84,776	84,776	-	-	-	84,776
Litigation	1,197	1	12,225	13,423	93	24	117	13,540
Interest and Bank Charges	-	-	9,363	9,363	-	2,044	2,044	11,407
Bad Debts	-	-	10,678	10,678	-	20,200	20,200	30,878
Other Expense	4,385	6	36,766	41,157	963	18,886	19,849	61,006
Total Expenses	\$ 202,875	\$ 69,503	\$ 5,201,017	\$ 5,473,395	\$ 473,954	\$ 185,272	\$ 659,226	\$ 6,132,621

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Legal Services			Supporting Services		
	Private Attorney Involvement	General Client	Total	Management and General	Fund Raising	Total
Expenses						
Salaries and Wages						
Lawyers	\$ 79,334	\$ 1,894,341	\$ 1,973,675	\$ 173,595	\$ 47,124	\$ 220,719
Non-Lawyers	43,974	1,049,998	1,093,972	96,221	26,120	122,341
Employee Benefits	40,524	1,005,694	1,046,218	88,673	24,071	112,744
Contract Services	6,778	598,949	605,727	14,798	17,325	32,123
Audit and Accounting	795	18,994	19,789	1,740	472	2,212
Legal and Professional Fees	-	-	-	7,233	-	7,233
Travel and Training	12,646	98,181	110,827	8,185	5,761	13,946
Occupancy	4,778	114,095	118,873	10,456	2,838	13,294
Repairs and Maintenance	898	21,440	22,338	1,965	533	2,498
Office Expense	11,407	74,758	86,165	6,720	16,525	23,245
Telephone	1,341	33,140	34,481	2,934	1,890	4,824
Library	2,697	65,313	68,010	-	-	-
Insurance	848	20,239	21,087	1,006	273	1,279
Professional Dues	400	26,132	26,532	157	43	200
Equipment Rental and Maintenance	1,196	28,913	30,109	2,617	711	3,328
Depreciation	-	91,785	91,785	-	-	-
Litigation	985	5,271	6,256	92	25	117
Interest and Bank Charges	241	14,275	14,516	525	1,539	2,064
Bad Debts	-	3,905	3,905	-	4,473	4,473
Other Expense	8,278	32,744	41,022	442	11,830	12,272
Total Expenses	\$ 217,120	\$ 5,198,167	\$ 5,415,287	\$ 417,359	\$ 161,553	\$ 578,912
						\$ 5,994,199

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

The Legal Aid Society of Northeastern New York, Inc. (the "Society") is a nonprofit corporation organized for the purpose of providing legal assistance in noncriminal proceedings or matters to persons financially unable to afford legal assistance in Albany, New York and the surrounding sixteen county area. The Society is primarily funded through grants from the Legal Services Corporation (LSC), a nonprofit corporation established by Congress to administer a national legal assistance program. Approximately 21.3% and 24.2% of the Society's support for the years ended December 31, 2012 and 2011, respectively, was provided by LSC.

Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities. The Society has additionally adopted the accounting and reporting provisions of FASB ASC 958 (formerly SFAS No. 116), *Not-For-Profit Entities* and FASB ASC 958-205 (formerly SFAS No. 117) *Presentation of Financial Statements*.

Support and Revenue

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Society recognizes grant funds from LSC and other grantor agencies as support on a straight-line basis over the grant period. Revenue which has been recognized but is unexpended at the end of an accounting period is recorded in the Society's net assets as temporarily restricted. Grant monies that have been received, but have not been recognized as revenue, are recorded as deferred revenues. In accordance with a general LSC policy, the Society may use unspent monies in future periods as long as expenses incurred are in compliance with the specified terms of the LSC grant. LSC may, at its discretion, request reimbursement for expenses or return of unexpended monies, or both, as a result of noncompliance by the Society with the terms of the grant. In addition, if the Society terminates its LSC grant activities, all unexpended monies are to be returned to LSC.

The Society reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue (Continued)

explicit donor stipulations about how long those long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded as decreases in unrestricted net assets when incurred in accordance with the accrual basis of accounting.

Cash Equivalents

The Society considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Property

Land, building and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Society has a capitalization policy of \$5,000.

Expense Allocation

The Society allocates certain shared expenses between the Legal Services Corporation program, the Interest on Lawyer Account Fund of the State of New York and various other programs. The expense allocation charged to a particular funding source is based on time spent on each program for salary expense and is based on similar allocation methods for all other expenses.

Contributions

Contributions represent cash donations to the Society from private organizations and individuals and are recorded as unrestricted, temporarily restricted, or permanently restricted revenue depending on the existence and/or nature of any donor restrictions.

Income Taxes

The Society is a not-for-profit organization exempt from Federal income taxes pursuant to §501(c)(3) of the Internal Revenue Code and has been classified as a publicly-supported organization that is not a private foundation under §509(a) of the Internal Revenue Code.

Donated Materials and Services

Donated materials and services are recorded at their fair value in accordance with the provisions of FASB ASC 958.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain 2011 financial statement amounts have been reclassified to conform to 2012 financial statement presentation.

Fair Value

For assets and liabilities measured at fair value on a recurring basis, the Accounting Standards Codification requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the Society would receive upon selling an asset or be paid to transfer a liability in an orderly transaction between market participants. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The Society has investments from an endowment fund measured at fair value on a recurring basis.

Accounting for Uncertainty in Income Taxes

The Accounting Standards Codification requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The Society has not recognized any benefits or liabilities from uncertain tax positions in 2012 and believes it has no uncertain tax positions for which it is reasonably possible that will significantly increase or decrease net assets. Generally, federal and state authorities may examine the Society's tax returns for three years from the date of filing; consequently, income tax returns for years prior to 2009 are no longer subject to examination by tax authorities.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through April 26, 2013, the date the financial statements were available to be issued. No such events or transactions were identified.

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012 AND 2011

2. CLIENT ESCROW FUNDS

Cash deposits received from clients are maintained in escrow accounts, which primarily represent anticipated rent and court costs to be paid by the client.

3. GRANTS AND ACCOUNTS RECEIVABLE

At December 31, 2012 and 2011, grants and accounts receivable were comprised of the following funding sources:

	<u>2012</u>	<u>2011</u>
Albany County Department of Social Services	\$ 54,099	\$ -
Albany County Rural Housing Authority	-	2,419
Albany Law School	18,371	18,632
Catholic Charities of Schoharie County	1,362	1,362
Catskill Mountain Housing Development Corp.	2,074	2,074
City of Saratoga	2,000	5,029
City of Schenectady	-	25,925
Columbia Opportunities, Inc.	2,845	2,845
County of Albany	24,538	36,966
County of Fulton	1,439	1,546
County of Rensselaer	3,417	-
County of St. Lawrence	1,035	468
County of Washington	1,750	1,750
County of Warren	6,726	20,180
Disability Advocacy Program	-	218,782
ETC Housing	10,406	18,237
Joseph's Housing and Shelter	28,058	34,322
Massena Independent Living Center	-	150
Office of Justice Program	69,645	91,715
Protection and Advocacy for Developmentally Disabled	21,304	35,280
Protection and Advocacy for Mentally Ill	-	6,300
Schenectady Community Action Program	62,435	29,484
St. Regis Mohawk Indian Tribe	1,107	855
State of New York	178,209	307,121
Nutrition Consortium	97,084	77,122
NYS Division of Criminal Justice	40,935	113,249
United States Department of Housing and Urban Development	14,175	45,737
WAIT House	-	31,832
	<u>\$ 643,014</u>	<u>\$ 1,129,382</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012 AND 2011

4. PROMISES TO GIVE

At December 31, 2012 and 2011, the Society had \$191,287 and \$185,150, respectively, of unconditional promises receivable, all due within one year. The Society uses the allowance method to determine uncollectible unconditional promises. An allowance for uncollectible amounts of \$34,400 and \$14,200 at December 31, 2012 and 2011, respectively, has been provided based on historical experience and management's analysis of specific promises made and is reflected in the above net receivable amounts.

5. PROPERTY

Land, building and equipment at December 31, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 20,000	\$ 20,000
Building	551,554	551,554
Building Improvements	412,154	381,167
Equipment, Furniture and Fixtures	488,610	467,637
Law Library	<u>42,073</u>	<u>42,073</u>
Total at Cost	1,514,391	1,462,431
Less: Accumulated Depreciation	<u>(867,551)</u>	<u>(782,775)</u>
Total Property, Net	<u>\$ 646,840</u>	<u>\$ 679,656</u>

The Society had \$51,960 and \$21,861 in additions for the year ended December 31, 2012 and 2011, respectively, of which \$51,960 and \$1,490 in 2012 and 2011, respectively, were purchased with monies provided by LSC. The net book value of the LSC equipment is \$145,140 and \$126,911 at December 31, 2012 and 2011, respectively. Total depreciation expense was \$84,776 and \$91,785 for the year ended December 31, 2012 and 2011, respectively.

6. ENDOWMENT FUNDS

In 2007, the Society entered into an endowment agreement with the Community Foundation for the Capital Region (the "Foundation"), a non-affiliated nonprofit organization, with the intent of raising money from legacies. The money in the fund is the property of the Foundation until directed by the Society to expend the monies that is consistent with its charitable status. This money is considered temporarily restricted for financial statement purposes. The 2012 and 2011 detail of activity from this fund is as follows:

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012 AND 2011

6. ENDOWMENT FUNDS (CONTINUED)

	<u>2012</u>	<u>2011</u>
Endowment Net Assets - Beginning	\$ 67,967	\$ 55,939
Investment Income	1,897	1,119
Unrealized Gain (Loss)	10,395	(2,741)
Contributions	76,647	14,600
Fees	<u>(1,401)</u>	<u>(950)</u>
Total Change in Endowment Funds	<u>87,538</u>	<u>12,028</u>
Endowment Net Assets - Ending	<u>\$ 155,505</u>	<u>\$ 67,967</u>

7. LINE OF CREDIT

The Society has a \$700,000 revolving demand line of credit available with a bank, of which there were no outstanding draws at December 31, 2012. The line of credit bears interest at 0.45% percent above the bank's prime rate (3.70% at December 31, 2012) and is collateralized by the Society's accounts receivable and other assets. There is no set expiration date for this line of credit.

8. LONG-TERM DEBT

Long-term debt at December 31, 2012 and 2011 consists of the following:

	<u>2012</u>	<u>2011</u>
Mortgage payable to private party in monthly installments of \$2,075 with interest at 7.0%, collateralized by real estate. Loan was paid off in October 2012.	\$ -	\$ 20,152
Mortgage payable to bank in monthly installments of \$1,008 with interest at 7.0%, collateralized by real estate.	<u>78,972</u>	<u>85,130</u>
Total	78,972	105,282
Less: Current Portion	<u>(6,861)</u>	<u>(27,013)</u>
	<u>\$ 72,111</u>	<u>\$ 78,269</u>

Current maturities of long-term debt are as follows:

2013	\$ 6,861
2014	7,357
2015	7,889
2016	8,459
2017	9,071
Thereafter	<u>39,335</u>
	<u>\$ 78,972</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012 AND 2011

9. NET ASSETS

The Society is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The following is additional detail as to the components of the Society's classes of net assets at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Unrestricted Net Assets (Accumulated Deficit):		
Property, Net of Debt	\$ 417,810	\$ 436,131
Fund Raising	410,013	358,826
Other	<u>(154,522)</u>	<u>(66,982)</u>
Total Unrestricted Net Assets	<u>673,301</u>	<u>727,975</u>
Temporarily Restricted Net Assets:		
Fund Raising - Endowment Fund	155,505	67,967
Legal Services Corporation - Cash	126,690	148,320
Legal Services Corporation - Property	145,140	129,911
Department of Criminal Justice Service - Property	4,918	8,332
Interest on Lawyers Account - Cash	<u>922,288</u>	<u>803,050</u>
Total Temporarily Restricted Net Assets	<u>1,354,541</u>	<u>1,157,580</u>
Total Net Assets	<u>\$ 2,027,842</u>	<u>\$ 1,885,555</u>

10. LEASE COMMITMENTS

The Society has four noncancellable operating lease agreements, absent significant defunding which would allow early termination, for the rental of office space in Albany, Canton, Saratoga and Amsterdam, New York expiring October 2015, February 2014, February 2013 and January 2013 (month-to-month), respectively. Total rent expense was \$74,044 and \$69,814 for the years ended December 31, 2012 and 2011, respectively, and is included in occupancy expense.

In May 2010 the Society renewed a lease for three photocopiers for an aggregate monthly rent of \$410 expiring May 2015. In February 2012 the Society negotiated a lease for two photocopiers for an aggregate monthly rent of \$201 expiring February 2017. Total rent expense was \$6,930 and \$4,908 for the years ended December 31, 2012 and 2011, respectively, and is included in equipment rental and maintenance expense.

The future lease payments for all long-term leases identified above are as follows:

2013	\$ 53,283
2014	30,250
2015	20,857
2016	2,412
2017	<u>402</u>
	<u>\$ 107,204</u>

11. EMPLOYEE BENEFITS

Under a collective bargaining agreement between the Society and Consolidated Legal Aid Workers, the Society may contribute an amount up to 5% of certain eligible employees' compensation earned during the year to separate annuity contracts in the name of each employee to provide benefits at retirement. By agreement of the parties, there was \$105,780 and \$94,060 contributed for the years ended December 31, 2012 and 2011, respectively, which represents a 5% contribution.

OTHER FINANCIAL INFORMATION

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECEIPT 233010

SCHEDULE OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Legal Services Corporation	Homeless Prevention	Disability and Protection Advocacy	Interest on Lawyers Account	JCLS	NYS Legislative	Domestic Violence	Senior Legal Services	HIV/AIDS Programs	Technology Initiative Grant	Other	Property	Management and General	Fund Raising	Total
Support and Revenue	\$ 1,265,773	\$ 766,360	\$ 565,346	\$ 985,000	\$ 1,378,269	\$ -	\$ 407,883	\$ 61,758	\$ 79,739	\$ 71,640	\$ 395,939	\$ -	\$ 5,500	\$ -	\$ 5,983,207
Contracts and Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	260,477	260,477
Contributions, Fundraising and Donated Services	384	-	-	-	-	-	-	-	-	-	-	-	-	12,342	12,342
Investment Income	742	9,535	-	-	-	-	-	-	-	-	-	-	8,221	-	18,498
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Support and Revenue	1,266,899	775,895	565,346	985,000	1,378,269	-	407,883	61,758	79,739	71,640	395,939	-	13,721	272,819	6,274,908
Expenses															
Salaries and Wages															
Lawyers	104,941	517,636	438,177	76,728	627,109	-	294,168	28,274	58,726	3,684	163,651	-	53,027	8,661	2,374,782
Other Staff	122,299	26,305	13,943	51,938	187,060	-	19,449	1,198	1,731	-	21,314	-	264,057	72,586	781,880
Paralegals	87,779	62,644	52,527	24,375	142,393	-	845	8,176	-	-	137,895	-	-	-	516,634
Employee Benefits	105,079	198,255	145,753	87,820	326,949	-	96,945	11,083	21,581	631	134,328	-	100,367	25,674	1,254,465
Contract Services - Clients	-	122,533	-	-	-	-	78,827	-	-	-	-	-	-	-	201,360
Contract Services - Program	5,060	17,092	8,723	23,481	19,641	-	5,802	663	1,325	64,443	8,039	-	16,669	11,089	182,027
Audit and Accounting	1,084	3,848	2,829	1,856	6,345	-	1,881	215	419	12	2,607	-	1,948	496	23,540
Legal and Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	3,384	-	3,384
Travel	4,194	12,681	9,152	6,340	12,344	-	8,971	2,888	344	10	12,727	-	4,579	1,983	76,213
Training	7,960	7,183	6,124	4,391	9,904	-	3,819	410	203	392	4,706	-	993	310	46,395
Occupancy	5,888	20,900	15,365	10,084	34,467	-	10,220	1,168	2,274	66	14,161	-	10,581	2,744	127,918
Repairs and Maintenance	848	3,009	2,213	1,452	4,963	-	1,472	168	328	10	2,039	-	1,523	388	18,413
Office Expense	8,398	18,451	13,030	8,592	29,728	-	8,660	990	2,222	56	22,334	-	8,997	17,185	138,643
Telephone	2,224	6,081	4,471	2,935	10,029	-	3,011	340	662	19	5,371	-	3,079	1,943	40,165
Library	3,821	13,564	9,972	6,340	22,369	-	6,633	758	1,476	44	9,548	-	-	-	74,525
Insurance	1,129	4,007	2,945	1,894	6,608	-	1,959	224	436	13	2,715	-	708	180	22,818
Professional Dues	2,625	25	18	9,807	41	-	12	1	3	-	17	-	-	-	12,549
Equipment Rental and Maintenance	1,629	5,705	4,195	2,753	9,409	-	2,790	319	621	116	3,901	-	2,986	879	35,303
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	84,776
Litigation	2,239	1,328	1,040	859	3,760	-	2,227	49	179	1	1,741	-	93	24	13,540
Interest and Bank Charges	-	-	-	9,363	-	-	-	-	-	-	-	-	-	2,044	11,407
Bad Debts	9,207	150	-	-	-	1,321	-	-	-	-	-	-	-	20,200	30,878
Other Expense	4,920	1,903	1,397	14,720	3,181	-	939	839	642	6	12,610	-	963	18,886	61,006
Total Expenses	481,324	1,043,300	731,874	345,728	1,456,309	1,321	548,630	57,163	93,172	69,303	559,704	84,776	473,954	185,272	6,132,621
Increase (Decrease) of Support and Revenue Over Expenses before Administrative and Overhead Allocations	785,575	(267,405)	(166,528)	639,272	(78,031)	(1,321)	(140,747)	3,995	(13,433)	2,137	(163,765)	(84,776)	(460,233)	87,547	142,287
Allocation of Administrative Costs	(38,965)	(75,028)	(62,420)	(64,033)	(118,317)	-	(38,896)	(4,657)	(7,478)	(456)	(39,934)	-	460,233	(10,049)	-
Reallocation of Reimbursed Costs for Matching Purposes	(716,281)	342,433	228,948	(456,001)	196,348	1,321	179,643	662	20,911	(1,681)	203,699	-	-	-	-
Other Changes in Net Assets - Acquisition of Property	(51,959)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Changes in Net Assets - Debt Payments and Proceeds, Net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets, Beginning of Year	148,320	-	-	803,050	-	-	-	-	-	-	-	26,310	-	(26,310)	1,885,555
Net Assets, End of Year	\$ 126,690	\$ -	\$ -	\$ 972,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568,852	\$ -	\$ 410,014	\$ 2,027,842

See independent auditor's report.

**APPLICATION FOR
COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG)
ENTITLEMENT PROGRAM
*-- 2014 Program Year Funding --***

**Attachment D
2012 A-133 Audit**

*THE LEGAL AID SOCIETY
OF NORTHEASTERN NEW YORK, INC.
LSC RECIPIENT 233010*

*OFFICE OF MANAGEMENT AND BUDGET
CIRCULAR A-133 REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2012*

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.
LSC RECIPIENT 233010
OFFICE OF MANAGEMENT AND BUDGET
CIRCULAR A-133 REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7

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MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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***

Board of Directors
The Legal Aid Society of
Northeastern New York, Inc.
Albany, New York

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 Legal Aid Society of Northeastern New York, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2012 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered The Legal Aid Society of Northeastern New York, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Legal Aid Society of Northeastern New York, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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.

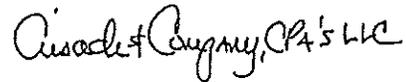
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 The Legal Aid Society of Northeastern New York, Inc.'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 determination of financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 26, 2013

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
The Legal Aid Society
of Northeastern New York, Inc.
Albany, New York

Report on Compliance for Each Major Federal Program

We have audited The Legal Aid Society of Northeastern New York, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Legal Aid Society of Northeastern New York, Inc.'s major federal programs for the year ended December 31, 2012. The Legal Aid Society of Northeastern New York, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Legal Aid Society of Northeastern New York, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Legal Aid Society of Northeastern New York, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Legal Aid Society of Northeastern New York, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Legal Aid Society of Northeastern New York, Inc. 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 December 31, 2012.

Report on Internal Control Over Compliance

Management of The Legal Aid Society of Northeastern New York, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Legal Aid Society of Northeastern New York, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Legal Aid Society of Northeastern New York, Inc.'s 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 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 combination of deficiencies, 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 the internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of The Legal Aid Society of Northeastern New York, Inc. as of and for the year ended December 31, 2012, and have issued our report thereon dated April 26, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 26, 2013

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>LSC Recipient Number/CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Disbursements/Expenditures</u>
<u>Legal Services Corporation:</u>			
Legal Services Corporation - Albany	09.233010	-	\$ 1,265,773
Legal Services Corporation - Technology Initiative Grant	09.233010	-	71,640
Total Legal Services Corporation			<u>1,337,413</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Housing and Urban Development - Community Development Block Grant	14.218	-	9,029
Housing and Urban Development - Emergency Solutions Grant Programs	14.231	-	22,718
Housing and Urban Development - Legal Aid Society Homelessness Unit (Pass-Through)	14.235	14-1636163	28,058
Housing and Urban Development - Legal Aid Society Homelessness Unit	14.235	-	96,969
Housing and Urban Development - Homelessness Prevention and Rapid Rehousing Program (Pass-Through) - ARRA	14.262	14-6013200	75,593
Housing and Urban Development - Homelessness Prevention and Rapid Rehousing Program	14.262	-	216,290
Total U.S. Department of Housing and Urban Development			<u>448,657</u>
<u>U.S. Department of Justice</u>			
Office of Justice Programs - Domestic Violence Legal Assistance Program (Pass-Through)	16.524	14-6013200	314,835
Violence Against Women STOP Grant (Pass-Through)	16.588	14-6013200	71,297
Total U.S. Department of Justice			<u>386,132</u>
<u>U.S. Department of Health and Human Services:</u>			
Temporary Assistance for Needy Families	93.558	-	20,053
Nutrition Consortium (Pass-Through)	93.053	22-2954760	241,129
Special Programs for the Aging (Pass-Through)	93.044	14-6013200	6,750
Protection and Advocacy for Developmentally Disabled (Pass-Through)	93.630	14-6013200	97,361
Protection and Advocacy for Mentally Ill (Pass-Through)	93.630	14-6013200	36,111
Total U.S. Department of Health and Human Services			<u>401,404</u>
Total Expenditures of Federal Awards			<u>\$ 2,573,606</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal financial assistance programs of The Legal Aid Society of Northeastern New York, Inc., LSC Recipient 233010 (the "Society"), for the year ended December 31, 2012. The Society is described in Note 1 to the basic financial statements. Federal awards received directly from federal agencies as well as federal financial assistance, if any, passed through other government or not-for-profit agencies are included on the Schedule. All LSC awards received by the Society were considered major programs for the year ended December 31, 2012.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting used by the Society to report to the Federal Government.

Relationship to Financial Statements

Federal awards revenue are reported in the Society's financial statements as grant revenue. The Society's financial statements are presented using the accrual basis of accounting.

2. LOAN OUTSTANDING

The Legal Aid Society of Northeastern New York, Inc. has no loan balances outstanding at December 31, 2012 in which the Society is a lender.

3. SUBRECIPIENTS

The Legal Aid Society of Northeastern New York, Inc. provided federal awards to subrecipients as follows:

<u>Project Title</u>	<u>Federal CFDA/ LSC Recipient Numbers</u>	<u>Amount Provided</u>
Office of Justice Programs - Domestic Violence Legal Assistance Program Subrecipients:		
Catholic Charities of Schoharie County	16.524	\$ 3,544
Catholic Charities of Saratoga, Warren and Washington Counties	16.524	3,893
Catholic Charities of Fulton and Montgomery Counties	16.524	4,375
Behavioral Health Services North	16.524	15,329
St. Lawrence Valley Renewal House	16.524	4,347
Community Action of Greene County	16.524	4,356
Mechanicville Area Community Service Center	16.524	7,068
Domestic Violence and Rape Crisis Services of Saratoga County	16.524	6,875
Family Counseling Center of Fulton County	16.524	6,659
Housing and Urban Development - Homelessness Prevention and Rapid Rehousing Program Subrecipients:		
Catholic Charities of Fulton and Montgomery Counties	14.262	1,537
Legal Services Corporation - Technology Initiative Grant Subrecipients:		
Anne O'Grady, Esq.	09.233010	<u>12,000</u>
		<u>\$ 69,983</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

"Going Concern" explanatory paragraph included in audit report	_____ yes	<u> X </u> no
Significant deficiency(ies) disclosed?	_____ yes	<u> X </u> no
Significant deficiency(ies) reported as material weakness(es)?	_____ yes	<u> X </u> no
Material noncompliance disclosed?	_____ yes	<u> X </u> no

FEDERAL AWARDS

Internal control over major programs:

Significant deficiency(ies) disclosed?	_____ yes	<u> X </u> no
Significant deficiency(ies) reported as material weakness(es)?	_____ yes	<u> X </u> no
Any known questioned costs reported?	_____ yes	<u> X </u> no

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes X no

IDENTIFICATION OF MAJOR PROGRAMS

<u>CFDA NUMBER(S)</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
09.233010	Legal Services Corporation - Albany
09.233010	Legal Services Corporation - Technology Initiative Grant
16.524	Office of Justice Programs

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

See SAS 114 Report to the Board.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or matters were reported.