

APPLICATION FOR  
**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT PROGRAM**  
 – 2010 Program Year Funding–

ACTIVITY NAME: Homelessness Prevention Project

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

MAILING ADDRESS: 112 Spring 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

<u>141338448</u>	<u>17-225-7115</u>	
(List Dept.)	(List Federal ID#)	(Specify)
	<u>141338448</u>	
	(DUNS #)	

NATIONAL OBJECTIVE (select 1):

<u>“Benefit persons of Low/moderate income”</u>	<u>“Address slum/blight Conditions”</u>	<u>“Urgent CD Need”</u>
<input type="checkbox"/> L/M Income Area Benefit	<input type="checkbox"/> “N/A” Slum/blighted Area	<input type="checkbox"/> “N/A” Urgent Need
<input checked="" type="checkbox"/> L/M Income Limited Clientele Activities	<input type="checkbox"/> Slum/blighted Spot Basis	
<input type="checkbox"/> L/M Income Housing Activities	<input type="checkbox"/> “N/A” Urban Renewal Completion	
<input type="checkbox"/> 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 appropriate, the HPP will also defend to prevent homelessness due to mortgage foreclosure. 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.*

Lillian M. Moy 

(Authorized Signature)  
Lillian M. Moy  
 (Typed or Printed Name)

Executive Director

(Title)  
January 28, 2010  
 (Date)

## **I. 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. Foreclosure defense will also be provided as appropriate. 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 public service funding in the City's 2005 Consolidated Plan. CDBG funding is used to fund 27% of a staff attorney to prevent unwarranted and illegal evictions and to assist in preventing loss of housing due to mortgage foreclosure.

The City's Consolidated Plan highlights the overwhelming rent burden low income people face. The City logically concludes that there is a disproportionate housing need amongst low income residents, those prioritized for services by the HPP. 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 also be provided 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. 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 residents in the City of Saratoga Springs urgently need access to the type of services of the HPP. Consider the following stories of HPP clients who were able to avoid homelessness:

“Mary” and her two young children were being evicted from private housing for nonpayment. Preservation of the client’s current housing was critical as being evicted would have had a detrimental affect on the custody battle with her ex-husband. We were able to negotiate a settlement so that the client had time to pay the rent owed and could remain in her home.

“Lillian” contacted this office for assistance with a nonpayment eviction. She had attempted to pay her rent but the landlord refused to accept it. The HPP attorney was able to settle the case so the client could maintain her housing that was based on the client’s monthly pay schedule and the family retained their housing.

In 2009, the HPP served 40 new households and prevented involuntary homelessness for 22 of them, benefitting 56 low income persons. Homelessness was prevented by the lawyer forestalling or preventing eviction, allowing households to retain their permanent housing and by gaining households additional time to locate permanent housing. In addition to assisting clients in retaining housing and providing clients with the time necessary to locate and secure alternative housing, we 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 stave off future homelessness. We believe we prevented involuntary homelessness for other households to whom we provided advice and brief service. Project intake continues to be on track with eight new intakes as of January 28, 2010.

#### 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 2009 financial guidelines, a household of four cannot have a monthly gross income greater than \$2,696 (annualized at \$27,563). This is well below the income levels identified for the low and moderate 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. 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, 2010
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, 2011

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 112 Spring Street. The Saratoga staff consists of six attorneys, one paralegal and two support staff. Our current annual budget is \$5,509,932. The Legal Aid Society receives federal Legal Services Corporation funding, Interest on Lawyer Account funds, New York State legislative funds and other funds. Attached is a copy of our current Board officers and members.

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

B. LASNNY's Experience -- In 2008, LASNNY closed 7,329 cases in various substantive areas, including homelessness prevention, housing, public assistance, disability and family law. Our work, including legal representation, community legal education, information and referrals directly benefitted over 55,400 individuals. Some of the benefits clients received were the prevention of homelessness and relief 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.

We have successfully administered a Homelessness Prevention Project funded by CDBG grant funds for 13 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. We have more recently developed expertise in mortgage foreclosure 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 outcomes desired demonstrate our ability to continue the Homelessness Prevention Project. We are midway in fulfilling our current contract, and as of December 31, 2009, have served 24 of our projected 50 clients.

C. HPP staff include:

Lauren Wainwright - 27% FTE Staff Attorney (or about 9.5 hours per week)

Mary Withington - .5% FTE Supervising Attorney (or about 2 hours per week)

Julie Casner - .5% FTE Legal Secretary (or about 2 hours per week)

The CDBG staff attorney is Lauren Wainwright who has been with the Legal Aid Society since June 2, 2008. 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 Brenda Bertram, 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 funds. We have been awarded \$1,435,133 for 2010. LSC funds are received to fund legal services to income-eligible clients, consistent with LSC requirements and restrictions.<sup>1</sup>

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<sup>1</sup> 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 I)

### 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
<b>PERSONNEL</b>				
Salaries	12,675	1,692	14,367	<i>Legal Services Corporation</i>
Fringe	3,296	440	3,736	<i>Legal Services Corporation</i>
Other (consultants, etc.)	0	0	0	
<i>Subtotal</i>	<i>15,971</i>	<i>2,132</i>	<i>18,103</i>	

<b>OVERHEAD</b>				
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	3,148	3,148	<i>Legal Services Corporation</i>
<i>Audit</i>	29	53	82	<i>Legal Services Corporation</i>
<i>Subtotal</i>	<i>29</i>	<i>3,201</i>	<i>3,230</i>	

<b>TOTAL COST</b>	<b>16,000</b>	<b>5,333</b>	<b>21,333</b>
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**Attachment to  
Program Operating Budget**

Position	Salary	%Time on Grant	Project Cost	CDBG Funds	Match	% CDBG
Staff Attorney	47,082	27%	12,712	12,675	37	99.7%
Supv. Attorney	91,078	.5%	455		455	0%
Executive Director	131,232	.5%	656	0	656	0%
Fiscal Director	70,123	.5%	351	0	351	0%
Legal Secretary	38,514	.5%	193	0	193	0%
<b>TOTAL SALARIES</b>			<b>14,367</b>	<b>12,675</b>	<b>1,692</b>	
Fringe @ 26%			3,736	3,296	440	
<b>PERSONNEL SUBTOTAL</b>			<b>18,103</b>	<b>15,971</b>	<b>3,201</b>	<b>88%</b>
<b>Program Costs*</b>			3,148	0	3,148	0%
<b>Audit</b>			82	29	53	35%
<b>NON-PERSONNEL SUBTOTAL</b>			<b>3,230</b>	<b>29</b>	<b>3,201</b>	
<b>TOTAL PROJECT COST</b>			<b>21,333</b>	<b>16,000</b>	<b>5,333</b>	<b>75%</b>

**\*Program Costs:**

Space	\$1,091
Telephone	223
Library	308
Supplies	429
Training travel	152
Equip. Rental	175
Contract Svcs.	630
Other	<u>237</u>
	<b>\$3,245</b>

(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: 7/09 - 6/10 CDBG Funding Amount: \$12,000

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>\$1,435,133</u>
<u>US Dept. Housing &amp; Urban Development 14.235</u>	<u>\$ 35,595</u>
<u>US Dept. Housing &amp; Urban Development 14.235</u>	<u>\$ 33,184</u>
<u>US Dept. Housing &amp; Urban Development 14.235</u>	<u>\$ 33,000</u>
<u>US Dept. Housing &amp; Urban Development 14,235</u>	<u>\$ 30,120</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\*  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

\*If yes, please describe: \_\_\_\_\_

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

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

William M. McG. (2010)  
Authorized Signature

JANUARY 28, 2010  
Date

**APPLICATION FOR  
COMMUNITY DEVELOPMENT BLOCK GRANT  
(CDBG)  
ENTITLEMENT PROGRAM  
-- 2010 Program Year Funding --**

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

APPLICATION FOR  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT PROGRAM  
– 2010 Program Year Funding –

LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK  
BOARD OF DIRECTORS

PRESIDENT

Timothy P. Morrison, Esq.

1ST VICE PRESIDENT

E. Stuart Jones, Esq.

2ND VICE PRESIDENT

Ann Leigh

TREASURER

Amelia M. Klein, Esq.

SECRETARY

Andrew Schrader, Esq.

MEMBERS

Karen Brown

John Caffry, Esq.

Gene Chatterton

Eleanor DeCoursey, Esq.

Jondavid DeLong, Esq.

Stephen Johnston, Esq.

E. Stewart Jones, Esq.

Edward Kaplan, Esq.

Karen Kenison

Ronald Kim, Esq.

Cathy Lawrence

Thomas J. O'Connor, Esq.

Nicholas Pignone, Esq.

Keith St. John, Esq.

Paula Slater-Hurd

Sherri L. Vertucci, Esq.

**APPLICATION FOR  
COMMUNITY DEVELOPMENT BLOCK GRANT  
(CDBG)  
ENTITLEMENT PROGRAM  
*-- 2010 Program Year Funding --***

**Attachment B  
Funding Commitment Letter from  
the Legal Services Corporation**



December 16, 2009

**Timothy Morrison, Chairperson  
Board of Directors  
Legal Aid Society of Northeastern New York, Inc.  
55 Colvin Avenue  
Albany, NY 12206**

**President**  
Helaine M. Barnett

**Board of Directors**  
Frank B. Strickland  
Atlanta, GA  
*Chairman*

Michael D. McKay  
Seattle, WA  
*Vice Chairman*

Jonann C. Chiles  
Little Rock, AR

Thomas A. Fuentes  
Lake Forest, CA

Herbert S. Garten  
Baltimore, MD

David Hall  
Boston, MA

Thomas R. Meites  
Chicago, IL

Laurie Mikva  
Evanston, IL

Bernice Phillips-Jackson  
Buffalo, NY

Sarah M. Singleton  
Santa Fe, NM

**Recipient Number: 233010**

**Dear Mr. Morrison:**

I am pleased to advise you that the Legal Services Corporation (LSC) has awarded a grant to your program for the delivery of civil legal assistance for the service area(s) and for the funding term(s) identified in this letter. The grant award is authorized for the period of one year from January 1, 2010, through December 31, 2010. This grant award is contingent on the availability of Federal funding and subject to compliance with all the terms and conditions described in the RFP, this letter, and all attachments.

The funding term noted below is the amount of time a service area is eligible for funding. The length of the funding term is based on programmatic quality as determined by LSC's review of your program's competitive grant application and other pertinent factors.

If the funding term exceeds one year, your program may submit renewal applications for the additional year or years. LSC will provide you with renewal information at the appropriate time. The granting of a renewal and the length of the renewal period are subject to available Federal funding, compliance with the terms and conditions listed above, and LSC's review and approval of the renewal application. Upon renewal, new terms and conditions may apply.

The table below identifies the service area(s) funded and the corresponding funding term(s).

Service Area(s)	Year of Current Competition	Funding Term Awarded	Year of Next Competition
NY-21	2010	3 Years	2013

Legal Aid Society of Northeastern New York, Inc.  
Recipient Number: 233010  
2010 Grant Award Letter  
December 16, 2009  
Page Two

The funding amounts reflect the FY 2009 funding level, which corresponds to the amount of the current Continuing Resolution. LSC will make any necessary adjustments to the grant schedules and grant payments to reflect any further Continuing Resolutions as well as the FY 2010 appropriation once it has been enacted into law. LSC will notify recipients of funding changes once that information is available.

Your first payment, to be issued on or about January 1, 2010, will equal two twelfths of the amount shown on the attached "Acceptance of Grant Award," contingent on the availability and terms of Federal funding. This first check reflects payment for the months of January and November 2010. The remainder of the grant, subject to Federal funding, will be issued in ten equal installments on or about the first of the months of February through October, and December. Disbursement of these funds is conditioned upon compliance with: 1) the 2010 grant assurances and any special grant conditions referenced in the attached "Acceptance of Grant Award"; 2) the 2010 certification form; 3) the terms and conditions of this letter and all attachments; 4) the LSC Act, as amended; 5) the FY 2010 Commerce, Justice, Science, and Related Agencies Appropriation Act; and 6) all LSC rules, regulations, guidelines, and directives. Please note that the Grant Award Schedule is attached. This letter and its attachments may not be changed without the express written approval of LSC.

To accept the terms of this grant and ensure the timely issuance of grant payments, review and sign the enclosed "Acceptance of Grant Award (AGA)" and special grant conditions (SGCs). Assemble the AGA and SGCs as a PDF file and submit it to LSC on or before January 14, 2010, following the instructions in Attachment A.

Should you have any questions regarding this letter, please contact Reginald Haley, of LSC's Office of Program Performance, at (202) 295-1545. Thank you for your efforts to make equal justice a reality.

Sincerely,



Helaine M. Barnett  
President

Enclosures

cc: Lillian M. Moy, Executive Director  
Legal Aid Society of Northeastern New York, Inc.

**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

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<b>Service Area(s)</b>	<b>Grant Type</b>	<b>Amount</b>	<b>Start Date</b>	<b>End Date</b>
NY-21	Basic Field-General	\$1,435,133	1/1/2010	12/31/2010

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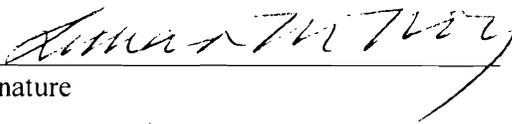
Recipient accepts the offer of the above-listed grant(s) as made in the grant award letter to which this Acceptance is attached, including the terms, conditions and assurances set forth in that letter, and any other special conditions attached hereto.

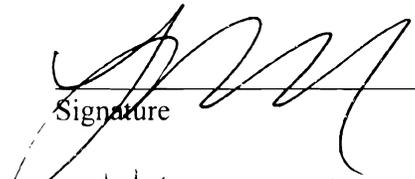
**CONDITIONS:** Board Composition

Recipient understands and agrees that the Grant Assurances for Year 2010 it certified to are fully applicable to this grant.

Lillian M. Moy  
Name of Executive Director

Timothy P. Morrison  
Name of Chairperson

  
Signature

  
Signature

1/7/10  
Date

January 14, 2010  
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 14, 2010**.

**APPLICATION FOR  
COMMUNITY DEVELOPMENT BLOCK GRANT  
(CDBG)  
ENTITLEMENT PROGRAM  
*-- 2010 Program Year Funding --***

**Attachment C  
2008 Audit**

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

*FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
DECEMBER 31, 2008 AND 2007*

*THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.*  
*LSC RECIPIENT 233010*  
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*DECEMBER 31 2008 AND 2007*

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Schedule of Support, Revenue, Expenses and Changes in Net Assets	15

CUSACK & COMPANY  
Certified Public Accountants LLC

7 AIRPORT PARK BOULEVARD  
LATHAM, NEW YORK 12110  
(518) 786-3550  
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E-MAIL ADDRESS: INFO@CUSACKCPA.COM  
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CLIFTON PARK, HALFMOON OFFICE  
(518) 664-7063

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 statements of financial position of The Legal Aid Society of Northeastern New York, Inc., LSC Recipient 233010 (the "Society") as of December 31, 2008 and 2007, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Society's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2008 and 2007, and the results of its activities and changes in cash for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other financial information accompanying these statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2009 on our consideration of the Society's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

The audit partner responsible for the 2008 and 2007 audits of the Society, LSC Recipient 233010, is James M. Cusack, CPA. The employer ID# for Cusack & Company, CPA's LLC is 14-1800427 and Mr. Cusack's social security number is 060-50-4008.



CUSACK & COMPANY CPA'S LLC

Latham, New York  
March 13, 2009

*THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.*  
**LSC RECIPIENT 233010**  
*STATEMENTS OF FINANCIAL POSITION*  
*DECEMBER 31, 2008 AND 2007*

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and Cash Equivalents	\$ 263,370	\$ 334,732
Client Escrow Funds	19,575	4,007
Grants and Accounts Receivable	1,002,343	509,627
Promises to Give, Net of Allowance	163,965	128,575
Security Deposits	3,855	3,855
Prepaid and Other Current Assets	<u>85,207</u>	<u>89,267</u>
Total Current Assets	<u>1,538,315</u>	<u>1,070,063</u>
Property		
Land, Building and Equipment, at Cost	1,416,990	1,303,371
Less: Accumulated Depreciation	<u>(699,395)</u>	<u>(610,718)</u>
Total Property, Net	<u>717,595</u>	<u>692,653</u>
Other Assets		
Endowment Fund	9,257	10,284
Tuition Loan Program	<u>27,601</u>	<u>-</u>
Total Other Assets	<u>36,858</u>	<u>10,284</u>
Total Assets	<u>\$ 2,292,768</u>	<u>\$ 1,773,000</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Line of Credit	\$ 135,000	\$ -
Current Portion of Long-Term Debt	29,688	28,356
Accounts Payable	87,919	156,384
Accrued Expenses	292,550	238,118
Client Trust Deposits	19,575	4,007
Refundable Advances	<u>83,053</u>	<u>97,072</u>
Total Current Liabilities	647,785	523,937
Noncurrent Liabilities		
Long-Term Debt, Net of Current Portion	<u>260,799</u>	<u>289,619</u>
Total Liabilities	<u>908,584</u>	<u>813,556</u>
Net Assets		
Unrestricted	641,912	640,502
Temporarily Restricted	<u>742,272</u>	<u>318,942</u>
Total Net Assets	<u>1,384,184</u>	<u>959,444</u>
Total Liabilities and Net Assets	<u>\$ 2,292,768</u>	<u>\$ 1,773,000</u>

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

*LSC RECIPIENT 233010*

*STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS*

*FOR THE YEAR ENDED DECEMBER 31, 2008*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Legal Services Corporation	\$ -	\$ 1,302,034	\$ 1,302,034
Disability Advocacy Program	-	552,935	552,935
NYS Legislative	-	216,826	216,826
Interest on Lawyers Account	-	1,024,577	1,024,577
Community Development Block Grants	-	21,284	21,284
Contributions, Fund Raising & Donated Services	212,467	1,305	213,772
Interest Income	542	-	542
NYS Member Items	-	386,186	386,186
Senior Legal Services/OFA	-	62,530	62,530
STOP Grants	-	60,468	60,468
Legal Aid Society Homelessness Unit	-	136,790	136,790
Miscellaneous	39,574	15,775	55,349
Other Local Grants	-	171,383	171,383
Homelessness Intervention Program	-	138,910	138,910
Protection and Advocacy Programs	-	119,700	119,700
Nutrition Consortium	-	166,528	166,528
Domestic Violence Legal Assistance Program	-	351,431	351,431
NYS Department of Health - AIDS	-	73,015	73,015
Net Assets Released from Restrictions	<u>4,378,347</u>	<u>(4,378,347)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>4,630,930</u>	<u>423,330</u>	<u>5,054,260</u>
Expenses			
Legal Services	4,162,985	-	4,162,985
Management and General	303,685	-	303,685
Fund Raising	<u>162,850</u>	<u>-</u>	<u>162,850</u>
Total Expenses	<u>4,629,520</u>	<u>-</u>	<u>4,629,520</u>
Increase in Net Assets	1,410	423,330	424,740
Net Assets at Beginning of Year	<u>640,502</u>	<u>318,942</u>	<u>959,444</u>
Net Assets at End of Year	<u>\$ 641,912</u>	<u>\$ 742,272</u>	<u>\$ 1,384,184</u>

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

*STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS*  
*FOR THE YEAR ENDED DECEMBER 31, 2007*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Legal Services Corporation	\$ -	\$ 1,295,651	\$ 1,295,651
Disability Advocacy Program	-	512,950	512,950
NYS Legislative	-	216,826	216,826
Interest on Lawyers Account	-	585,000	585,000
Community Development Block Grants	-	16,308	16,308
Contributions, Fund Raising & Donated Services	198,463	10,000	208,463
Interest Income	513	341	854
NYS Member Items	-	137,166	137,166
Senior Legal Services/OFA	-	61,245	61,245
STOP Grants	-	62,940	62,940
Legal Aid Society Homelessness Unit	-	106,783	106,783
Miscellaneous	38,432	15,775	54,207
Other Local Grants	-	123,707	123,707
Homelessness Intervention Program	-	196,384	196,384
Protection and Advocacy Programs	-	119,700	119,700
Nutrition Consortium	-	68,953	68,953
Domestic Violence Legal Assistance Program	-	300,057	300,057
NYS Department of Health - AIDS	-	80,232	80,232
Net Assets Released from Restrictions	<u>3,868,340</u>	<u>(3,868,340)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>4,105,748</u>	<u>41,678</u>	<u>4,147,426</u>
Expenses			
Legal Services	3,654,026	-	3,654,026
Management and General	277,783	-	277,783
Fund Raising	<u>131,445</u>	<u>-</u>	<u>131,445</u>
Total Expenses	<u>4,063,254</u>	<u>-</u>	<u>4,063,254</u>
Increase in Net Assets	42,494	41,678	84,172
Net Assets at Beginning of Year	<u>598,008</u>	<u>277,264</u>	<u>875,272</u>
Net Assets at End of Year	<u>\$ 640,502</u>	<u>\$ 318,942</u>	<u>\$ 959,444</u>

*THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.*  
**LSC RECIPIENT 233010**  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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	<u>2008</u>	<u>2007</u>
Increase in Net Assets	\$ 424,740	\$ 84,172
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	88,677	78,419
Bad Debt Expense	19,866	11,703
Changes in Operating Assets and Liabilities (Increase) Decrease in Assets		
Promises to Give	(55,256)	(41,023)
Grants and Accounts Receivable	(492,716)	238,279
Prepaid and Other Current Assets	4,060	(20,419)
Endowment Fund	1,027	(10,284)
Tuition Loan Program	(27,601)	-
Increase (Decrease) in Liabilities		
Accounts Payable	(68,465)	32,396
Accrued Expenses	54,432	23,557
Refundable Advances	<u>(14,019)</u>	<u>57,947</u>
Net Cash Provided By (Used In) Operating Activities	<u>(65,255)</u>	<u>454,747</u>
Cash Flow Used In Investing Activities:		
Purchase of Land, Building and Equipment	<u>(113,619)</u>	<u>(82,987)</u>
Cash Flow Provided By (Used In) Financing Activities:		
Payments on Mortgages Payable	(27,488)	(25,583)
Proceeds from Line of Credit	290,000	91,000
Payments on Line of Credit	<u>(155,000)</u>	<u>(180,000)</u>
Net Cash Provided By (Used In) Financing Activities	<u>107,512</u>	<u>(114,583)</u>
Increase (Decrease) in Cash and Cash Equivalents	(71,362)	257,177
Cash and Cash Equivalents, Beginning of Year	<u>334,732</u>	<u>77,555</u>
Cash and Cash Equivalents, End of Year	<u>\$ 263,370</u>	<u>\$ 334,732</u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	<u>\$ 24,401</u>	<u>\$ 28,913</u>
Other Non-Cash Activities		
In-Kind Donation of Legal Services	<u>\$ 2,941</u>	<u>\$ 6,993</u>

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

**LSC RECIPIENT 233010**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2008

Expenses	Legal Services			Supporting Services			Total
	Private Attorney Involvement	General Client	Total	Management and General	Fund Raising	Total	
Salaries and Wages							
Lawyers	\$ 38,200	\$ 1,664,555	\$ 1,702,755	\$ 37,634	\$ 16,423	\$ 54,057	\$ 1,756,812
Non-Lawyers	114,077	764,482	878,559	172,356	54,995	227,351	1,105,910
Employee Benefits	41,478	661,631	703,109	57,198	19,453	76,651	779,760
Contract Services	9,676	181,640	191,316	5,274	17,782	23,056	214,372
Audit and Accounting	1,034	16,303	17,337	1,307	441	1,748	19,085
Legal and Professional Fees	-	-	-	2,941	-	2,941	2,941
Travel	10,404	103,419	113,823	3,441	4,711	8,152	121,975
Occupancy	6,608	104,150	110,758	8,352	2,817	11,169	121,927
Repairs and Maintenance	1,035	16,303	17,338	1,307	441	1,748	19,086
Office Expense	11,233	77,083	88,316	5,498	14,100	19,598	107,914
Telephone	2,030	32,685	34,715	2,567	2,165	4,732	39,447
Library	3,198	51,416	54,614	1	35	36	54,650
Insurance	1,054	16,603	17,657	1,332	449	1,781	19,438
Professional Dues	480	22,456	22,936	92	31	123	23,059
Equipment Rental and Maintenance	1,963	30,942	32,905	2,481	837	3,318	36,223
Depreciation	-	88,677	88,677	-	-	-	88,677
Litigation	2,947	3,226	6,173	-	-	-	6,173
Interest	115	24,267	24,382	145	374	519	24,901
Bad Debt Expense	-	907	907	-	18,959	18,959	19,866
Other Expense	8,300	48,408	56,708	1,759	8,837	10,596	67,304
<b>Total Expenses</b>	<b>\$ 253,832</b>	<b>\$ 3,909,153</b>	<b>\$ 4,162,985</b>	<b>\$ 303,685</b>	<b>\$ 162,850</b>	<b>\$ 466,535</b>	<b>\$ 4,629,520</b>

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

*LSC RECIPIENT 233010*

*STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2007*

	<u>Legal Services</u>			<u>Supporting Services</u>			<u>Total</u>
	<u>Private Attorney Involvement</u>	<u>General Client</u>	<u>Total</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	
Expenses							
Salaries and Wages							
Lawyers	\$ 24,446	\$1,454,353	\$ 1,478,799	\$ 36,890	\$ 6,302	\$ 43,192	\$ 1,521,991
Non-Lawyers	116,302	659,045	775,347	148,925	56,366	205,291	980,638
Employee Benefits	37,962	570,014	607,976	50,117	16,902	67,019	674,995
Contract Services	7,668	200,702	208,370	9,176	10,604	19,780	228,150
Audit and Accounting	1,025	14,613	15,638	1,281	416	1,697	17,335
Legal and Professional Fees	-	-	-	6,993	-	6,993	6,993
Travel	8,803	81,789	90,592	2,118	5,685	7,803	98,395
Occupancy	6,504	92,772	99,276	8,133	2,641	10,774	110,050
Repairs and Maintenance	739	10,534	11,273	923	300	1,223	12,496
Office Expense	10,521	62,032	72,553	5,226	16,021	21,247	93,800
Telephone	2,027	29,528	31,555	2,534	823	3,357	34,912
Library	3,038	45,527	48,565	2	53	55	48,620
Insurance	1,032	14,718	15,750	1,290	419	1,709	17,459
Professional Dues	-	17,902	17,902	88	89	177	18,079
Equipment Rental and Maintenance	1,592	22,708	24,300	1,991	647	2,638	26,938
Depreciation	-	78,419	78,419	-	-	-	78,419
Litigation	3,382	5,934	9,316	130	42	172	9,488
Interest	226	28,147	28,373	339	125	464	28,837
Bad Debt Expense	-	6,603	6,603	-	5,100	5,100	11,703
Other Expense	6,930	26,489	33,419	1,627	8,910	10,537	43,956
 Total Expenses	 <u>\$ 232,197</u>	 <u>\$3,421,829</u>	 <u>\$ 3,654,026</u>	 <u>\$ 277,783</u>	 <u>\$ 131,445</u>	 <u>\$ 409,228</u>	 <u>\$ 4,063,254</u>

## 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 26% and 31% of the Society's support for the years ended December 31, 2008 and 2007, 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 Statement of Financial Accounting Standards N<sup>o</sup> 116 "Accounting for Contributions Received and Contributions Made" and N<sup>o</sup> 117 "Financial Statements of Not-For-Profit Organizations."

### *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 Organization 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 IOLA 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. Other LSC, IOLA and NYS Office of Temporary and Disability Assistance monies that have been received, but have not been recognized as revenue, are recorded as refundable advances. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Support and Revenue (Continued)*

The Organization 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 explicit donor stipulations about how long those long-lived assets must be maintained, the Organization 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 \$1,000.

*Expense Allocation*

The Society allocates certain shared expenses between the Legal Services Corporation program, the New York State Office of Temporary and Disability Assistance, 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.

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Donated Materials and Services*

Donated materials and services are recorded at their fair value in accordance with the provisions of Statement of Financial Accounting Standards N<sup>o</sup> 116.

*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.

*Reclassification*

Certain 2007 amounts have been reclassified to conform to 2008 presentation.

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, 2008 and 2007, grants and accounts receivable were comprised of the following funding sources:

	<u>2008</u>	<u>2007</u>
Disability Advocacy Program	\$ 549,485	\$ 80,445
Homelessness Intervention Program	39,997	105,183
Albany County Department of Aging	-	1,072
United Way	-	2,075
Legal Aid Society Homelessness Unit	48,713	39,412
STOP Grants	18,539	10,364
Community Development Block Grants	5,658	5,007
Other Local Grants	5,105	2,863
NYS Member Items	114,469	50,251
NYS Housing Trust Fund	12,299	-
Senior Legal Services/OFA	2,315	12,641
Schenectady Community Action Plan	13,760	-
Protection and Advocacy Programs	23,940	23,940
Nutrition Consortium	37,415	27,183
NYS Department of Health - AIDS	19,882	41,673
Albany Law School	3,227	9,242
Domestic Violence Legal Assistance Program	94,414	79,526
Warren County Conflicts	13,125	18,750
	<u>\$ 1,002,343</u>	<u>\$ 509,627</u>

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

*LSC RECIPIENT 233010*

*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*

*DECEMBER 31, 2008 AND 2007*

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**4. PROMISES TO GIVE**

At December 31, 2008 and 2007, the Society had \$185,815 and \$128,575, 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 \$21,850 and \$7,500 at December 31, 2008 and 2007, respectively, has been provided based on historical experience and management's analysis of specific promises made and is reflected in the above amounts.

**5. PROPERTY**

Land, building and equipment at December 31, 2008 and 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
Land	\$ 20,000	\$ 20,000
Building	551,554	551,554
Building Improvements	261,711	197,497
Equipment, Furniture and Fixtures	541,652	492,247
Law Library	<u>42,073</u>	<u>42,073</u>
Total at Cost	1,416,990	1,303,371
Less: Accumulated Depreciation	<u>(699,395)</u>	<u>(610,718)</u>
Total Property, Net	<u>\$ 717,595</u>	<u>\$ 692,653</u>

The Society had \$113,620 and \$82,987 in additions for the year ended December 31, 2008 and 2007, respectively, of which \$98,623 and \$55,504 in 2008 and 2007, respectively, were purchased with monies provided by LSC. The net book value of the LSC equipment is \$126,269 and \$76,309 at December 31, 2008 and 2007, respectively. Total depreciation expense was \$48,788 and \$78,419 for the year ended December 31, 2008 and 2007, respectively.

**6. LINE OF CREDIT**

The Society has a \$300,000 demand line of credit available with a bank, of which \$135,000 and \$0 were outstanding as of December 31, 2008 and 2007, respectively. The line of credit expired on January 2, 2009 (renewed through January 2, 2010), and bears interest at 4.25% and 8.25% at December 31, 2008 and 2007, respectively.

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

*LSC RECIPIENT 233010*

*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*

*DECEMBER 31, 2008 AND 2007*

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**7. LONG-TERM DEBT**

Long-term debt at December 31, 2008 and 2007 consists of the following:

	<u>2008</u>	<u>2007</u>
Mortgage payable to private party in monthly installments of \$2,075 with interest at 7.0%, collateralized by real estate.	\$ 83,721	\$ 102,120
Mortgage payable to bank in monthly installments of \$1,121 with interest at 8.41%, collateralized by real estate.	105,378	109,728
Mortgage payable to bank in monthly installments of \$1,008 with interest at 7.0%, collateralized by real estate.	<u>101,388</u>	<u>106,126</u>
Total	290,487	317,974
Less: Current Portion	<u>(29,688)</u>	<u>(28,356)</u>
	<u>\$ 260,799</u>	<u>\$ 289,618</u>

Current maturities of long-term debt are as follows:

2009	\$ 29,688
2010	31,906
2011	34,291
2012	32,683
2013	13,530
Thereafter	<u>148,389</u>
	<u>\$ 290,487</u>

**8. NET ASSETS**

As discussed in Note 1, the Society adopted Statement of Financial Accounting Standards No. 117 and 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, 2008 and 2007:

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

*LSC RECIPIENT 233010*

*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*

*DECEMBER 31, 2008 AND 2007*

**8. NET ASSETS (CONTINUED)**

	<u>2008</u>	<u>2007</u>
Unrestricted Net Assets:		
Property, Net of Debt	\$ 288,392	\$ 298,316
Fund Raising	306,796	269,001
Other	<u>46,724</u>	<u>73,185</u>
Total Unrestricted Net Assets	<u>641,912</u>	<u>640,502</u>
Temporarily Restricted Net Assets:		
Fund Raising - Endowment Fund	9,257	10,284
Legal Services Corporation - Cash	130,203	129,565
Legal Services Corporation - Property	126,145	76,309
Department of Criminal Justice Service - Property	12,571	-
Interest on Lawyers Account - Cash	464,096	102,731
Interest on Lawyers Account - Property	<u>-</u>	<u>53</u>
Total Temporarily Restricted Net Assets	<u>742,272</u>	<u>318,942</u>
Total Net Assets	<u>\$ 1,384,184</u>	<u>\$ 959,444</u>

**9. LEASE COMMITMENTS**

The Society has three noncancellable operating lease agreements, absent significant defunding which would allow early termination, for the rental of office space in Canton, Saratoga and Amsterdam, New York expiring December 2010, February 2009 and June 2009, respectively. Total rent expense was \$66,666 and \$61,426 for the years ended December 31, 2008 and 2007, respectively.

The Society has two noncancellable operating lease agreements for rental of office photocopiers in Canton and Plattsburgh expiring December 2010. Total rent expense was \$5,000 for the years ended December 31, 2008 and 2007.

The future lease payments for all leases above are as follows:

2009	\$ 34,842
2010	23,000
2011	<u>5,000</u>
	<u>\$ 62,842</u>

**10. 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 \$89,951 and \$78,539 contributed for the years ended December 31, 2008 and 2007, respectively, which represents a 5% contribution.

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

*LSC RECIPIENT 233010*

*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*

*DECEMBER 31, 2008 AND 2007*

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**11. OTHER CONTINGENCIES**

At various times during 2008 and 2007, the Society's bank accounts exceeded the Federal Deposit Insurance Corporation limit of \$250,000 and \$100,000, respectively, per banking institution. However, these funds were used by the Society for immediate operating expenses.

**OTHER FINANCIAL INFORMATION**

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

**LSC RECIPIENT 233010**

*SCHEDULE OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2008*

	Legal Services Corporation	Homeless Prevention	Disability and Protection Advocacy	Interest on Lawyers Account	NYS Legislative	Domestic Violence	Senior Legal Services	HIV/AIDS Programs	Other	Property	Management and General	Fund Raising	Total
<b>Support and Revenue</b>													
Contracts and Grants	\$ 1,302,034	\$ 426,971	\$ 672,635	\$1,024,577	\$ 408,739	\$ 449,651	\$ 98,323	\$ 92,727	\$ 357,759	\$ -	\$ 8,000	\$ -	\$ 4,841,416
Contributions, Fundraising and Donated Services	20	-	-	-	-	50	413	-	-	-	-	207,905	208,388
Interest Income	438	-	-	-	-	-	-	104	-	-	-	-	542
Miscellaneous	973	-	-	-	-	-	-	-	-	-	2,941	-	3,914
<b>Total Support and Revenue</b>	<u>1,303,465</u>	<u>426,971</u>	<u>672,635</u>	<u>1,024,577</u>	<u>408,739</u>	<u>449,701</u>	<u>98,736</u>	<u>92,831</u>	<u>357,759</u>	<u>-</u>	<u>10,941</u>	<u>207,905</u>	<u>5,054,260</u>
<b>Expenses</b>													
Salaries and Wages	209,134	335,469	444,709	38,284	90,425	278,623	114,720	63,770	127,621	-	37,634	16,423	1,756,812
Lawyers	438,274	85,689	123,375	10,340	45,465	17,988	19,739	2,147	135,542	-	172,356	54,995	1,105,910
Non-Lawyers	121,532	114,717	154,737	68,056	37,014	80,792	36,625	17,955	71,681	-	57,198	19,453	779,760
Employee Benefits	115	1,398	-	-	-	66,065	-	26,142	4,080	-	-	-	97,800
Contract Services	18,917	14,756	12,083	15,372	8,039	8,852	3,549	1,741	10,208	-	5,274	17,781	116,572
Audit and Accounting	2,763	2,910	3,273	-	2,976	1,926	956	458	2,075	-	1,307	441	19,085
Legal and Professional Fees	-	-	-	-	-	-	-	-	-	-	2,941	-	2,941
Travel	34,459	19,222	12,925	212	2,514	18,529	7,467	2,884	15,611	-	3,441	4,711	121,975
Occupancy	27,164	18,594	20,910	-	9,499	12,303	6,109	2,926	13,253	-	8,352	2,817	121,927
Repairs and Maintenance	5,739	2,911	3,273	-	-	1,926	956	458	2,075	-	1,307	441	19,086
Office Expense	25,371	12,358	13,975	17	6,335	10,292	4,659	1,941	13,368	-	5,498	14,100	107,914
Telephone	9,208	5,713	6,425	-	2,056	3,780	1,877	899	4,757	-	2,567	2,165	39,447
Library	14,070	8,999	10,658	-	3,692	5,962	2,957	1,414	6,862	-	1	35	54,650
Insurance	5,705	2,964	3,334	-	140	1,961	974	467	2,112	-	1,332	449	19,438
Professional Dues	1,228	1,225	1,379	15,128	1,234	811	402	193	1,336	-	92	31	23,059
Equipment Rental and Maintenance	8,169	5,524	6,212	-	2,723	3,655	1,815	869	3,938	-	2,481	837	36,223
Depreciation	-	-	-	-	-	-	-	-	-	88,677	-	-	88,677
Litigation	3,563	386	392	3	214	614	277	465	259	-	-	-	6,173
Interest	636	322	363	22,462	-	213	106	51	229	-	-	374	24,901
Bad Debt Expense	119	581	68	-	-	40	20	9	43	-	-	18,959	19,866
Other Expense	8,249	4,008	4,282	480	6,181	2,519	1,316	599	29,100	-	-	8,838	67,304
<b>Total Expenses</b>	<u>934,415</u>	<u>637,746</u>	<u>822,373</u>	<u>170,354</u>	<u>218,507</u>	<u>516,851</u>	<u>204,524</u>	<u>125,388</u>	<u>444,150</u>	<u>88,677</u>	<u>303,685</u>	<u>162,850</u>	<u>4,629,520</u>
<b>Increase (Decrease) of Support and Revenue Over Expenses before Administrative and Overhead</b>													
Allocations	369,050	(210,775)	(149,738)	854,223	190,232	(67,150)	(105,788)	(32,557)	(86,891)	(88,677)	(292,744)	45,055	424,740
Allocation of Administrative Costs	(122,305)	(47,952)	(53,894)	12,169	15,609	(31,734)	(15,750)	(7,524)	(34,103)	-	292,744	(7,260)	-
Reallocation of Reimbursed Costs for Matching Purposes	(147,484)	258,727	203,632	(505,027)	(190,844)	98,884	121,538	40,081	120,493	-	-	-	-
Other Changes in Net Assets - Acquisition of Property	(98,623)	-	-	-	(14,997)	-	-	-	-	113,620	-	-	-
Other Changes in Net Assets - Debt Payments and Proceeds, Net	-	-	-	-	-	-	-	-	(27,487)	27,487	-	-	-
Net Assets, Beginning of Year	129,565	-	-	102,731	-	-	-	-	83,469	374,678	-	269,001	959,444
<b>Net Assets, End of Year</b>	<u>\$ 130,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,981</u>	<u>\$ 427,108</u>	<u>\$ -</u>	<u>\$ 306,796</u>	<u>\$ 1,384,184</u>

See independent auditor's report.