

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 was previously funded from 2001 to 2017, and in 2019 by the CDBG Program.

B. Community Need.

The Homelessness Prevention Project (HPP) will meet the need for homelessness prevention services identified as one of the highest priorities for housing needs in the City's 2015 Consolidated Plan. CDBG funding will be used to fund 15.7% FTE of a staff attorney to prevent unwarranted and illegal evictions.

The City's 2015 Consolidated Plan highlights the "continuum" of housing needs for persons of low and moderate income. We expect the City's 2020 Consolidated Plan will reflect similar priority housing needs. First among them is likely to be the need for homelessness prevention activities. Services to benefit the most vulnerable in the City, at risk youth, seniors and people with special needs – such as those Legal Aid assists – are also a high priority public service need. Thus LASNNY's HPP will meet both high priority housing and public service needs. The Project will 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 targeted funding for publicly funded lawyers for low income tenants at risk of homelessness in the City of Saratoga Springs. LASNNY no longer receives OTDA STEHP funding for 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 clients residing in the City of Saratoga Springs who would have been assisted by HPP program over the last two quarters:

“John” is a long-term tenant of subsidized housing within a neighborhood program. His daughter had a critical situation where she temporarily lost housing and he allowed her to stay with him for a short time. Unfortunately, he faced eviction due to the unauthorized occupancy of his premises by his daughter. This issue was resolved by agreement. John’s daughter had moved on to other housing and he agreed not to allow her to reside there in the future. This satisfied the housing authority and John continues to reside in the home and has preserved his subsidized housing.

In another eviction case a senior resident of subsidized housing, “Lillian”, was alleged to have unsuitable conditions in their apartments, after a code enforcement report indicated lack of cleanliness on the part of the tenant created some code violations. Lillian has limited means and has learning disabilities as well. We worked with Lillian to try to specifically identify the issues she needed to address and referred her to a number of home care agencies that may be able to provide some additional cleaning assistance for this client. We were able to settle the case with an agreement that as long as Lillian maintains suitable conditions in her apartment, the matter will be deemed settled and resolved.

Since July 1, 2019, the HPP has served 18 households. We provided full representation to 100% of the households served and prevented involuntary homelessness for 14 of the 18 households, a 78% success rate. In cases where representation was provided, we prevented involuntary homelessness for 15 Saratoga Springs residents.

Funding for the HPP will support us to continue the “attorney in the courtroom” program in Saratoga City Court where an attorney 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 will also participate in and attend meetings of the Saratoga Housing Alliance as his schedule allows.

This program will allow the HPP lawyer to prevent involuntary homelessness in the City of Saratoga Springs by 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 will also help continue to help clients enforce their rights to safe and healthy living conditions, assist clients in gaining access to personal property wrongfully withheld by landlords, and work with clients to access available resources to help them stave off future homelessness. We will also 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. This program is also believed to prevent involuntary homelessness for other households to whom we are able to provide advice and brief service.

The HPP is a high performing project. In its previous fully funded year, from July 1, 2017 to June 30, 2018, we anticipated serving 27 households. However, we were able to assist a total of 31 households throughout the grant year exceeding our annual goal.

515 housing cases were opened by the Saratoga Springs office in 2018 across Warren, Washington and

Saratoga Counties. CDBG funding will enable Legal Aid Society of Northeastern New York to prioritize assistance to residents within the City of Saratoga Springs facing imminent homelessness.

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 2020 Federal financial guidelines, a household of four cannot have a monthly gross income greater than \$2,729 / annualized at \$32,750 (125% of poverty). 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 at least 70% 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, 2020
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, 2021

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 six offices, with the main office in Albany at 95 Central Avenue. We have had an office in Saratoga Springs since 1980 and are currently located at 40 New Street. The Saratoga staff consists of 12 attorneys, four paralegals and two support staff. Our current annual budget is \$11,525,766. Attached is a copy of our current Board officers and members. Susan Christopher, President of the Jefferson Terrace Tenants' Association, serves on our Board of Directors.

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
July 1, 2014 - June 30, 2015	Homelessness Prevention Project	8,447
July 1, 2014 - June 30, 2015	The Right Place Project	10,557
July 1, 2015 - June 30, 2016	Homelessness Prevention Project	7,500
July 1, 2016 - June 30, 2017	The Right Place Project	12,920
July 1, 2017 - June 30, 2018	Homelessness Prevention Project	7,253
July 1, 2017 - June 30, 2018	The Right Place Project	7,060
July 1, 2018 - June 30, 2019	The Right Place Project	7,660
July 1, 2019 - June 30, 2020	Homelessness Prevention Project	9,757

B. LASNNY's Experience - In 2018, LASNNY closed 10,340 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 and in print), information and referrals directly benefitted more than 21,821. Additionally, the community legal education sections on our website received 49,492 unique visits. 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. While our

2019 statistics are not yet complete, we expect to exceed these numbers.

We successfully administered a Homelessness Prevention Project funded by CDBG grant funds for 20 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 restore and continue the Homelessness Prevention Project.

C. HPP staff include:

The CDBG staff attorney is Stuart Kaufman, who has been with the Legal Aid Society since 2006. The Supervising Attorney, Mary Withington, 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 Judiciary Civil Legal Services (JCLS) funding. JCLS funds are received to fund legal services to income-eligible clients. Services are provided consistent with our primary federal funder, the Legal Services Corporation's 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	\$2,181	\$14,489	JCLS and IOLA
Fringe	\$3,692	\$654	\$4,346	JCLS and IOLA
Other (consultants, etc.)				
<i>Subtotal</i>	\$16,000	\$2,835	\$18,835	

OVERHEAD				
Advertising/Marketing	0			
Program Supplies	0	\$187	\$187	JCLS
Rent & Utilities	0	\$817	\$817	JCLS
Other - List below				
<i>Program Costs (see attachment – Library, telephone, misc.)</i>	0	\$2,462	\$2,462	
<i>Audit</i>	0	\$36	\$36	
<i>Subtotal</i>	0	\$5,333	\$21,333	

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

Position	Salary	%Time on Grant	Project Cost	CDBG Funds	Match	% CDBG
Staff Attorney	\$86,644	15.7%	\$13,589	\$12,308	\$1,281	91%
Supv. Attorney	\$115,642	.2%	\$231		\$231	0
Executive Director	\$197,316	.2%	\$350		\$350	0
Fiscal Director	\$106,587	.2%	\$213		\$213	0
Legal Secretary	\$53,032	.2%	\$106		\$106	0
TOTAL SALARIES		16.5%	\$14,489	\$12,308	\$2,181	90.6%
Fringe @ 30%			\$4,346	\$3,692	\$654	85%
PERSONNEL SUBTOTAL			\$18,835	\$16,000	\$2,835	
Program Costs*	\$1,585,688	.001553	\$2,462		\$2,462	0
Audit	\$23,000	.001553	\$36		\$36	0
NON-PERSONNEL SUBTOTAL			\$2,498		\$2,498	0
TOTAL PROJECT COST			\$21,333	\$16,000	\$5,3333	75%

***Program Costs:**

Space	737
Equipment Rental	167
Office Supplies	187
Telephone	79
Travel	183
Training	136
Library	158
Insurance	52
Dues and Fees	85
Contract Servs/Receipt	677
Total	2,462

(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: 95 Central Avenue, Albany, NY 12206

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

DUNS #: 17-225-7115

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: The Homeless Prevention Project

CDBG Funding Program Year: 7/19 - 6/20 CDBG Funding Amount: \$9,757

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>\$ 1,476,966</u>
<u>US Dept. Housing & Urban Development 14.235</u>	<u>\$ 120,842</u>
<u>US Department of Treasury/LITC 21.008</u>	<u>\$ 100,000</u>
<u>US Department of Justice 16.524</u>	<u>\$ 87,000</u>
<u>Office of Victims Services (OVS) 16.575</u>	<u>\$530,857</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

NONE

William M. Moy

 Authorized Signature

1-30-2020

 Date

**APPLICATION FOR
COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG)
ENTITLEMENT PROGRAM
*-- 2020 Program Year Funding --***

**Attachment A
Evidence of Match Funds**

NEW YORK STATE UNIFIED COURT SYSTEM GRANT CONTRACT FACE PAGE

STATE AGENCY (Name & Address): New York State Unified Court System Division of Professional and Court Services 2500 Pond View, Suite 104 Castleton-on-Hudson, New York 12033	BUSINESS UNIT / DEPARTMENT ID UCS02 5000288 CONTRACT NUMBER: C250512 CONTRACT TYPE: <input checked="" type="checkbox"/> Multi-Year Agreement <input type="checkbox"/> Simplified Renewal Agreement <input type="checkbox"/> Fixed Term Agreement	
CONTRACTOR NAME: Legal Aid Society of Northeastern New York	TRANSACTION TYPE: <input checked="" type="checkbox"/> New <input type="checkbox"/> Renewal <input type="checkbox"/> Amendment	
CONTRACTOR DOS INCORPORATED NAME:	PROJECT NAME: Civil Legal Services	
CONTRACTOR IDENTIFICATION NUMBERS: NYS Vendor ID: 1000001578 Federal Tax ID: 14-1338448 DUNS Number (if applicable)	AGENCY IDENTIFIER:	
CONTRACTOR PRIMARY MAILING ADDRESS: 55 Colvin Avenue Albany, New York 12206 CONTRACTOR PAYMENT ADDRESS: <input checked="" type="checkbox"/> Check if same as primary mailing address CONTRACT MAILING ADDRESS <input checked="" type="checkbox"/> Check if same as primary mailing address	CONTRACTOR STATUS: <input type="checkbox"/> For Profit <input type="checkbox"/> Municipality, Code: <input type="checkbox"/> Tribal Nation <input type="checkbox"/> Individual <input checked="" type="checkbox"/> Not-for-Profit Charities Registration Number: 05-71-22 Exemption Status / Code: <input type="checkbox"/> Sectarian entity	
CURRENT CONTRACT TERM From: January 1, 2017 To: December 31, 2021	CONTRACT FUNDING AMOUNT \$24,795,248.00 FUNDING SOURCE(S) <input checked="" type="checkbox"/> State <input type="checkbox"/> Federal <input type="checkbox"/> Other	
FOR MULTI-YEAR AGREEMENTS ONLY - CONTRACT PERIOD AND FUNDING AMOUNT: (Out years represent projected funding amounts)		
#	Period	Amount
1	January 1, 2017-March 31, 2017	\$1,111,656.00
2	April 1, 2017-March 31, 2018	\$4,535,562.00
3	April 1, 2018-March 31, 2019	\$4,762,340.00
4	April 1, 2019-March 31, 2020	\$5,000,457.00
5	April 1, 2020-March 31, 2021	\$5,250,480.00
6	April 1, 2021-December 31, 2021	\$4,134,753.00
	TOTAL	\$24,795,248.00

APPENDICES ATTACHED AND PART OF THIS AGREEMENT:

- APPENDIX A... Standard Clauses for All New York State Contracts
- APPENDIX B... Budget
- APPENDIX C... Project Work Plan
- APPENDIX D... Payment and Fiscal Reporting Requirements
- APPENDIX E... Program-Specific Requirements

**APPLICATION FOR
COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG)
ENTITLEMENT PROGRAM
*-- 2020 Program Year Funding --***

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

APPLICATION FOR
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT PROGRAM
-- 2020 Program Year Funding --

LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK
BOARD OF DIRECTORS

PRESIDENT

Victor Mazzotti, Esq.

1ST VICE PRESIDENT

Karla W. Buettner, Esq.

2ND VICE PRESIDENT

Benjamin Fishman

TREASURER

James E. Hacker, Esq.

SECRETARY

Lisa Mills, Esq.

MEMBERS

Robin Adams

Thomas R. Adams, Esq.

Jasmine Cenicerros

Susan Christopher

David Cost, Esq.

Sanjeeve DeSoyza, Esq.

Elizabeth Dias

James Fleury

Julie Garcia, Esq.

Lloyd G. Grandy II, Esq.

Katherine Mastaitis, Esq.

Rosemarie Perez-Jaquith

Vicki J. Prager, Esq.

Patricia L.R. Rodriguez, Esq.

Mark Schneider, Esq.

Tracy Jo Szepessy

Vincent L. Valenza, Esq.

**APPLICATION FOR
COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG)
ENTITLEMENT PROGRAM
*-- 2020 Program Year Funding --***

**Attachment C
2018 Financial Audit & A-133 Audit**

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

***FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
DECEMBER 31, 2018 AND 2017***

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.
LSC RECIPIENT 233010
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DECEMBER 31, 2018 AND 2017

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
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, 2018 and 2017, 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 generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Legal Aid Society of Northeastern New York, Inc. as of December 31, 2018 and 2017, 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

Other Information

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 or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The accompanying schedule of expenditures of federal awards on page 22, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 29, 2019 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 2018 and 2017 audits of The Legal Aid Society of Northeastern New York, Inc., LSC Recipient 233010, is John J. Tafilowski, CPA. The employer ID# for Cusack & Company, CPA's LLC is 14-1800427.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 29, 2019

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash	\$ 718,319	\$ 1,297,673
Client Escrow Funds	7,789	1,556
Grants and Accounts Receivable, Net of Allowance	3,157,159	2,722,262
Promises to Give, Net of Allowance	378,814	367,020
Prepaid and Other Current Assets	<u>126,465</u>	<u>70,865</u>
Total Current Assets	<u>4,388,546</u>	<u>4,459,376</u>
Property		
Land, Building and Equipment, at Cost	3,812,884	4,347,054
Less: Accumulated Depreciation	<u>(1,154,061)</u>	<u>(1,471,955)</u>
Total Property, Net	<u>2,658,823</u>	<u>2,875,099</u>
Other Assets		
Endowment Funds	238,560	266,483
Tuition Loan Program	105,951	87,454
Security Deposits	<u>8,640</u>	<u>1,640</u>
Total Other Assets	<u>353,151</u>	<u>355,577</u>
Total Assets	<u>\$ 7,400,520</u>	<u>\$ 7,690,052</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Line of Credit Payable	\$ 620,000	\$ 620,000
Current Portion of Long-term Debt	73,346	56,756
Accounts Payable	268,696	1,079,838
Accrued Expenses	721,971	672,412
Client Trust Deposits	7,789	1,556
Deferred Revenue	<u>1,343,961</u>	<u>1,527,125</u>
Total Current Liabilities	3,035,763	3,957,687
Noncurrent Liabilities		
Long-term Debt, Net of Current Portion	<u>1,199,760</u>	<u>1,152,721</u>
Total Liabilities	<u>4,235,523</u>	<u>5,110,408</u>
Net Assets		
Without Donor Restrictions:		
Undesignated	2,727,145	2,000,636
With Donor Restrictions:		
Purpose Restricted	<u>437,852</u>	<u>579,008</u>
Total Net Assets	<u>3,164,997</u>	<u>2,579,644</u>
Total Liabilities and Net Assets	<u>\$ 7,400,520</u>	<u>\$ 7,690,052</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Legal Services Corporation	\$ -	\$ 1,361,492	\$ 1,361,492
Equal Justice Works (LSC Pass Through)	-	5,000	5,000
Disability Advocacy Program	-	610,164	610,164
Interest on Lawyers Account	-	1,547,301	1,547,301
Community Development Block Grants	-	3,627	3,627
Contributions, Fund Raising & Donated Services	665,715	-	665,715
Investment Returns, Net	155	155,115	155,270
Senior Legal Services/Office for the Aging	-	119,673	119,673
STOP Grants	-	100,333	100,333
Legal Aid Society Homelessness Unit	-	21,115	21,115
Miscellaneous	112,449	84,528	196,977
Other Local Grants	-	298,236	298,236
Division of Criminal Justice Services (DCJS)	-	98,211	98,211
Nutrition Consortium	-	345,294	345,294
Domestic Violence Legal Assistance Program	-	264,134	264,134
NYS Solutions to End Homelessness	-	360,053	360,053
AG Homeowner Protection Program (HOPP)	-	343,784	343,784
Homelessness Prevention and Rapid Re-housing (HPRP)	-	9,631	9,631
NYS Judiciary CLS	-	4,799,926	4,799,926
Low Income Taxpayer Clinic Program	-	89,686	89,686
Emergency Shelter Grants	-	44,964	44,964
SCAP/SAMHSA	-	20,000	20,000
Continuum of Care Program	-	99,082	99,082
Office of Victim Services	-	14,053	14,053
Net Assets Released from Restrictions	<u>10,936,558</u>	<u>(10,936,558)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>11,714,877</u>	<u>(141,156)</u>	<u>11,573,721</u>
Expenses			
Legal Services	10,123,613	-	10,123,613
Management and General	643,569	-	643,569
Fund Raising	<u>221,186</u>	<u>-</u>	<u>221,186</u>
Total Expenses	<u>10,988,368</u>	<u>-</u>	<u>10,988,368</u>
Increase (Decrease) in Net Assets	726,509	(141,156)	585,353
Net Assets, Beginning of Year	<u>2,000,636</u>	<u>579,008</u>	<u>2,579,644</u>
Net Assets, End of Year	<u>\$ 2,727,145</u>	<u>\$ 437,852</u>	<u>\$ 3,164,997</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Legal Services Corporation	\$ -	\$ 1,273,393	\$ 1,273,393
LSC Pro Bono Innovation Grant	-	145,915	145,915
Equal Justice Works (LSC Pass Through)	-	5,000	5,000
Disability Advocacy Program	-	743,538	743,538
Interest on Lawyers Account	-	1,390,440	1,390,440
Community Development Block Grants	-	3,627	3,627
Contributions, Fund Raising & Donated Services	433,603	4,500	438,103
Investment Returns, Net	288	36,879	37,167
Senior Legal Services/Office for the Aging	-	116,510	116,510
STOP Grants	-	106,777	106,777
Legal Aid Society Homelessness Unit	-	21,497	21,497
Miscellaneous	91,837	84,944	176,781
Other Local Grants	-	312,471	312,471
Division of Criminal Justice Services (DCJS)	-	83,643	83,643
Nutrition Consortium	-	314,167	314,167
Domestic Violence Legal Assistance Program	-	231,938	231,938
NYS Solutions to End Homelessness	-	620,732	620,732
AG Homeowner Protection Program (HOPP)	-	377,785	377,785
Homelessness Prevention and Rapid Re-housing (HPRP)	-	18,000	18,000
NYS Judiciary CLS	-	4,332,353	4,332,353
Low Income Taxpayer Clinic Program	-	100,000	100,000
Emergency Shelter Grants	-	26,289	26,289
SCAP/SAMHSA	-	25,000	25,000
Juvenile Re-entry Assistance Program (JRAP)	-	63,203	63,203
Continuum of Care Program	-	45,789	45,789
Net Assets Released from Restrictions	<u>10,499,072</u>	<u>(10,499,072)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>11,024,800</u>	<u>(14,682)</u>	<u>11,010,118</u>
Expenses			
Legal Services	9,874,275	-	9,874,275
Management and General	526,217	-	526,217
Fund Raising	<u>285,434</u>	<u>-</u>	<u>285,434</u>
Total Expenses	<u>10,685,926</u>	<u>-</u>	<u>10,685,926</u>
Increase (Decrease) in Net Assets	338,874	(14,682)	324,192
Net Assets, Beginning of Year	<u>1,661,762</u>	<u>593,690</u>	<u>2,255,452</u>
Net Assets, End of Year	<u>\$ 2,000,636</u>	<u>\$ 579,008</u>	<u>\$ 2,579,644</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Change in Net Assets	\$ 585,353	\$ 324,192
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	231,067	159,160
Realized Gain on Sale of Assets	(183,038)	-
Unrealized (Gain) Loss on Endowment Funds	34,363	(17,981)
Changes in Operating Assets and Liabilities		
(Increase) Decrease in Assets		
Promises to Give	(11,794)	(120,697)
Grants and Accounts Receivable	(434,897)	(1,297,624)
Prepaid and Other Current Assets	(55,600)	3,219
Endowment Fund	(6,440)	(23,398)
Tuition Loan Program	(18,497)	(2,043)
Security Deposits	(7,000)	-
Increase (Decrease) in Liabilities		
Accounts Payable	(811,142)	820,271
Accrued Expenses	49,559	51,196
Deferred Revenues	<u>(183,164)</u>	<u>1,163,870</u>
Net Cash Provided By (Used In) Operating Activities	(811,230)	1,060,165
Cash Flow Provided By (Used In) Investing Activities:		
Proceeds from Sale of Assets	356,259	-
Purchase of Land, Building and Equipment	<u>(188,012)</u>	<u>(653,282)</u>
Net Cash Provided By (Used In) Investing Activities	<u>168,247</u>	<u>(653,282)</u>
Cash Flow Provided By (Used In) Financing Activities:		
Net Proceeds (Payments) on Mortgages Payable	<u>63,629</u>	<u>(40,431)</u>
Increase (Decrease) in Cash	(579,354)	366,452
Cash, Beginning of Year	<u>1,297,673</u>	<u>931,221</u>
Cash, End of Year	<u>\$ 718,319</u>	<u>\$ 1,297,673</u>
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	<u>\$ 107,030</u>	<u>\$ 67,337</u>
Fixed Assets Purchased with Debt Proceeds	<u>\$ -</u>	<u>\$ 803,955</u>
Fixed Asset Basis Increase from Lease Arrangement	<u>\$ -</u>	<u>\$ 241,825</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Legal Services				Supporting Services			Total Expenses
	Private Attorney Involvement	PBIF	General Client	Total	Management and General	Fund Raising	Total	
Expenses								
Salaries and Wages								
Lawyers	\$ 59,360	\$ 12,499	\$ 4,603,041	\$ 4,674,900	\$ 34,997	\$ 7,048	\$ 42,045	\$ 4,716,945
Non-Lawyers	94,883	29,696	1,330,427	1,455,006	417,087	100,723	517,810	1,972,816
Employee Benefits	54,037	20,436	2,101,659	2,176,132	135,379	32,167	167,546	2,343,678
Contract Services	12,300	1,424	462,803	476,527	18,261	38,692	56,953	533,480
Audit and Accounting	582	226	22,593	23,401	1,494	355	1,849	25,250
Travel and Training	324	50	174,868	175,242	7,546	3,028	10,574	185,816
Occupancy	6,012	1,946	236,848	244,806	12,893	3,063	15,956	260,762
Repairs and Maintenance	1,193	462	46,278	47,933	3,060	728	3,788	51,721
Office Expense	1,781	354	115,240	117,375	2,522	2,700	5,222	122,597
Telephone	2,725	692	72,340	75,757	4,582	1,612	6,194	81,951
Library	2,648	1,040	109,853	113,541	107	1,199	1,306	114,847
Insurance	954	389	38,910	40,253	924	219	1,143	41,396
Professional Dues	-	16	48,009	48,025	99	3,771	3,870	51,895
Equipment Rental and Maintenance	-	533	68,933	69,466	3,534	859	4,393	73,859
Depreciation	-	-	231,067	231,067	-	-	-	231,067
Litigation	-	42	22,981	23,023	278	66	344	23,367
Interest and Bank Charges	-	-	106,729	106,729	-	301	301	107,030
Other Expense	-	77	24,353	24,430	806	24,655	25,461	49,891
Total Expenses	\$ 236,799	\$ 69,882	\$ 9,816,932	\$ 10,123,613	\$ 643,569	\$ 221,186	\$ 864,755	\$ 10,988,368

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Legal Services					Supporting Services			Total Expenses
	Private Attorney Involvement	Pro Bono Innovation	PBIF	General Client	Total	Management and General	Fund Raising	Total	
Expenses									
Salaries and Wages									
Lawyers	\$ 75,209	\$ 4,192	\$ 74,663	\$ 4,386,853	\$ 4,540,917	\$ 23,565	\$ 7,740	\$ 31,305	\$ 4,572,222
Non-Lawyers	41,879	133	49,236	1,309,458	1,400,706	351,481	101,953	453,434	1,854,140
Employee Benefits	42,628	1,808	89,840	2,055,783	2,190,059	115,036	34,554	149,590	2,339,649
Contract Services	12,461	85	89,727	485,737	588,010	5,496	86,994	92,490	680,500
Audit and Accounting	381	17	823	18,293	19,514	1,054	317	1,371	20,885
Travel and Training	103	172	5,475	198,948	204,698	7,411	4,565	11,976	216,674
Occupancy	3,322	108	5,352	164,548	173,330	6,853	2,138	8,991	182,321
Repairs and Maintenance	578	25	1,249	27,767	29,619	1,600	480	2,080	31,699
Office Expense	430	77	3,850	119,649	124,006	5,115	8,306	13,421	137,427
Telephone	2,298	57	2,810	65,867	71,032	3,598	1,612	5,210	76,242
Library	2,135	86	4,278	109,455	115,954	155	1,049	1,204	117,158
Insurance	738	33	1,648	36,597	39,016	1,141	343	1,484	40,500
Professional Dues	-	-	-	48,605	48,605	-	275	275	48,880
Equipment Rental and Maintenance	-	26	1,279	62,415	63,720	1,638	517	2,155	65,875
Depreciation	-	-	-	159,160	159,160	-	-	-	159,160
Litigation	13	2	341	17,988	18,344	139	42	181	18,525
Interest and Bank Charges	-	-	-	63,088	63,088	-	4,249	4,249	67,337
Other Expense	-	6	284	24,207	24,497	1,935	30,300	32,235	56,732
Total Expenses	\$ 182,175	\$ 6,827	\$ 330,855	\$ 9,354,418	\$ 9,874,275	\$ 526,217	\$ 285,434	\$ 811,651	\$10,685,926

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 11.8% and 12.9% of the Society's support for the years ended December 31, 2018 and 2017, respectively, was provided by LSC.

Basis of Accounting and Reporting

The financial statements of the Society have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

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 with donor restrictions. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue (Continued)

Absent 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 net assets without donor restrictions when incurred in accordance with the accrual basis of accounting.

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 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 revenue with or without donor restrictions 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 the Accounting Standards Codification (“ASC”).

Estimates

The preparation of financial statements in accordance 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain 2017 financial statement amounts have been reclassified to conform to 2018 financial statement presentation.

Fair Value

The ASC 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 pay 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).

Accounting for Uncertainty in Income Taxes

The ASC 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 2018 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 2015 are no longer subject to examination by tax authorities.

New Accounting Pronouncements

ASU No. 2016-14

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU provides for changes in financial statement presentation that effect classification of net assets, presentation of expenses, investment returns and presentation of operating cash flows. It also calls for enhanced disclosures of board designated funds, underwater endowment funds, methods used to allocate costs among functions, and liquidity and availability of resources. The ASU affects all not-for-profit organizations including charities, foundations, colleges and universities, health care providers, religious organizations, trade associations, and cultural institutions, among others. The Society adopted this ASU in 2018.

Subsequent Events

The Society follows the ASC, *Subsequent Events*, which establishes general standards of accounting for, and disclosure of, events that occur after the date of the financial statements but before the financial statements are issued or are available to be issued. In the preparation of these financial statements and notes thereto, management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through April 29, 2019, the date the financial statements were available to be issued.

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018 AND 2017

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, 2018 and 2017, grants and accounts receivable were comprised of the following funding sources:

	<u>2018</u>	<u>2017</u>
Albany County Department of Social Services (STEHP)	\$ 63,039	\$ 33,953
Albany Housing Authority	-	22,495
Albany Law School	24,363	28,058
Bethesda House of Schenectady, Inc.	8,187	9,116
CARES, Inc.	-	13,495
City of Saratoga	-	1,813
Community Service Society of New York	71,841	176,987
County of Albany	4,703	14,081
County of Clinton	-	465
County of Fulton	785	635
County of Rensselaer	1,667	1,667
County of Warren	100,546	53,184
County of Washington	6,000	3,000
Empire State Development	300,000	-
ETC Housing	6,355	6,017
Low Income Taxpayer Clinic	48,549	49,544
Miscellaneous Receivables	103	-
Nutrition Consortium	180,344	84,890
NYS Division of Criminal Justice	47,692	36,511
Office of Justice Program	56,201	67,175
Pro Bono Innovation Fund	-	80,931
Saratoga United Contractors	-	2,550
Schenectady Community Action Program	24,779	85,512
St. Lawrence Office of the Aging	510	136
St. Lawrence Valley Renewal House	14,053	-
St. Regis Mohawk Indian Tribe	1,345	1,473
State of New York	2,185,552	1,918,905
United States Department of Housing and Urban Development	7,474	26,003
Unity House of Troy	3,071	3,666
	<u>\$ 3,157,159</u>	<u>\$ 2,722,262</u>

4. PROMISES TO GIVE

At December 31, 2018 and 2017, the Society had \$503,576 and \$451,782, 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 \$124,762 and \$84,762 at December 31, 2018 and 2017, respectively, has been provided based on historical experience and management's analysis of specific promises made and must be subtracted from the above to arrive at the net receivable amounts.

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018 AND 2017

5. PROPERTY

Land, building and equipment at December 31, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 288,247	\$ 293,500
Building	2,221,643	2,445,523
Building Improvements	263,283	600,600
Equipment, Furniture and Fixtures	997,638	965,358
Law Library	<u>42,073</u>	<u>42,073</u>
Total at Cost	3,812,884	4,347,054
Less: Accumulated Depreciation	<u>(1,154,061)</u>	<u>(1,471,955)</u>
Total Land, Building and Equipment, Net	<u>\$ 2,658,823</u>	<u>\$ 2,875,099</u>

The Society had \$188,012 and \$1,699,062 in additions for the years ended December 31, 2018 and 2017, respectively, of which no purchases were made with monies provided by LSC. The net book value of the LSC equipment is \$8,234 and \$61,204 at December 31, 2018 and 2017, respectively. Total depreciation expense was \$231,067 and \$159,160 for the years ended December 31, 2018 and 2017, respectively.

6. ENDOWMENT FUNDS/INVESTMENT RETURNS

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 consistent with its charitable status. This money is reported as net assets with donor restrictions for financial statement purposes. The 2018 and 2017 detail of activity from this fund is as follows:

	<u>2018</u>	<u>2017</u>
Endowment Net Assets, Beginning of Year	\$ <u>266,483</u>	\$ <u>225,104</u>
Contributions	-	4,500
Investment Income	4,706	6,640
Realized Gain on Investments	6,308	16,443
Unrealized Gain (Loss)	(34,363)	17,981
Fees	<u>(4,574)</u>	<u>(4,185)</u>
Total Change in Endowment Funds	<u>(27,923)</u>	<u>41,379</u>
Endowment Net Assets, End of Year	<u>\$ 238,560</u>	<u>\$ 266,483</u>

Details as to the specific investments comprising this endowment fund are maintained by the Foundation.

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018 AND 2017

6. ENDOWMENT FUNDS/INVESTMENT RETURNS (CONTINUED)

The following schedule summarizes net investment returns from all sources for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Interest/dividends	\$ 4,861	\$ 6,928
Realized gain on sale of assets	183,038	-
Realized gain on sale of investments	6,308	16,443
Unrealized gain (loss) on investments	(34,363)	17,981
Investment fees	(4,574)	(4,185)
	<u>\$ 155,270</u>	<u>\$ 37,167</u>

7. LINE OF CREDIT PAYABLE

The Society has a \$700,000 revolving demand line of credit available with a bank, of which \$620,000 was outstanding at both December 31, 2018 and 2017. The line of credit bears interest at .45% percent above the bank's prime rate (5.95% as of December 31, 2018) 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, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Mortgage payable to bank in monthly installments of \$7,415, including interest at bank's prime rate plus 1% (6.5% as of December 31, 2018), due August 2033 and collateralized by real estate in Albany, NY.	\$ 911,418	\$ 803,955
Mortgage payable to bank in monthly installments of \$4,948 with interest at 4.85%, due in February 2029, collateralized by real estate in Saratoga Springs, NY.	361,688	388,478
Mortgage payable to bank in monthly installments of \$1,369 with interest at 5.0%, matured in December 2018, collateralized by real estate in Albany, NY.	-	17,044
Total	1,273,106	1,209,477
Less: Current Portion	(73,346)	(56,756)
	<u>\$ 1,199,760</u>	<u>\$ 1,152,721</u>

Current maturities of long-term debt are as follows:

2019	\$ 73,346
2020	76,977
2021	80,881
2022	84,935
2023	89,192
Thereafter	867,775
	<u>\$ 1,273,106</u>

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018 AND 2017

9. DEFERRED REVENUE

During 2017 the Society purchased a building for which the sale agreement provided the seller with a lease to continue occupancy of a portion of the building. The lease is dated June 2, 2017 and expires on December 31, 2020. The agreed upon monthly rental value was \$5,524 per month and as a result, \$134,971 and \$202,457 has been recorded as of December 31, 2018 and 2017, respectively, as deferred revenue to be realized in future periods. The purchase price of the building was reduced to compensate for the lease provision and, as a result, no cash was provided to the Society.

10. NET ASSETS

The Society is required to report information regarding its financial position and activities according to two classes of net assets; with and without donor restrictions. The following is additional detail as to the components of the Society's classes of net assets at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Net Assets Without Donor Restrictions:		
Property, Net of Debt	\$ 1,323,074	\$ 1,480,936
Fund Raising	1,642,631	1,264,217
Other Deficit	<u>(238,560)</u>	<u>(744,517)</u>
Total Net Assets without Donor Restrictions	<u>2,727,145</u>	<u>2,000,636</u>
Net Assets With Donor Restrictions:		
Fund Raising - Endowment Fund	238,560	266,483
Legal Services Corporation - Cash	136,649	127,839
Legal Services Corporation - Property	8,234	61,204
Judiciary Civil Legal Services - Property	<u>54,409</u>	<u>123,482</u>
Total Net Assets with Donor Restrictions	<u>437,852</u>	<u>579,008</u>
Total Net Assets	<u>\$ 3,164,997</u>	<u>\$ 2,579,644</u>

11. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose.

	<u>2018</u>	<u>2017</u>
Purpose Restrictions Accomplished:		
Grant and Contribution Expenditures	<u>\$ 10,936,558</u>	<u>\$ 10,499,072</u>

12. DONATED SERVICES

The Society received donated services from unpaid volunteers who assisted in fund raising, office administration and program activities. For the services donated, the criteria for recognition in these financial statements of such volunteer effort was not met and, therefore, no revenue and expense has been reflected in these financial statements. Management has estimated that volunteers have provided approximately 2,488 hours in assisting Society in each of the years ended December 31, 2018 and 2017, respectively.

13. RETIREMENT PLAN

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 \$176,518 and \$164,362 contributed for the years ended December 31, 2018 and 2017, respectively, which represents a graduated contribution up to 5%.

14. LEASE COMMITMENTS

The Society has six noncancellable operating lease agreements, absent significant defunding which would allow early termination, for the rental of office space in Albany (2), Canton, Amsterdam (2) and Saratoga, New York expiring December 2020, March 2021, February 2020, September 2021, July 2019 and July 2021, respectively. Total rent expense was \$106,178 and \$86,891 for the years ended December 31, 2018 and 2017, respectively, and is included in occupancy expense.

The Society has leases for multiple photocopiers at various locations for an aggregate monthly rent of \$1,475 expiring at various dates through December 2020. Total rent expense was \$11,800 and \$11,094 for the years ended December 31, 2018 and 2017, respectively, and is included in equipment rental and maintenance expense.

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

2019	\$	191,763
2020		157,775
2021		61,398
	\$	<u>410,936</u>

15. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Society has \$4,254,192 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$718,319, grants receivable of \$3,157,159 and pledges receivable of \$378,814. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The pledges receivable are subject to implied time restrictions but are expected to be collected within a year. The Society has a goal to maintain financial assets, which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,831,395. The Society has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Society invests cash in excess of daily requirements in various short-term investments, including money market funds. As more fully described in Note 7, the Society also has uncommitted lines of credit in the amount of \$80,000, which it could draw upon in the event of an unanticipated liquidity need.

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, 2018

	Legal Services <u>Corporation</u>	Homeless Prevention	Disability and Protection Advocacy	Interest on Lawyers Account	JCLS	LITC	Domestic Violence	Senior Legal Services	HIV/AIDS Programs	PBIF	Other	Property	Management and General	Fund Raising	Total
Support and Revenue															
Contracts and Grants	\$ 1,366,492	\$ 895,194	\$ 610,164	\$ 1,547,301	\$ 4,799,926	\$ 89,686	\$ 413,016	\$ 119,673	\$ 84,528	\$ -	\$ 707,249	\$ -	\$ 7,058	\$ -	\$ 10,640,287
Contributions, Fundraising and Donated Services	-	-	-	-	-	-	-	-	-	-	-	-	10	665,705	665,715
Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	4,861	4,861
Miscellaneous	520	-	16,784	-	-	-	-	-	-	-	-	-	278,183	(32,629)	262,858
Total Support and Revenue	<u>1,367,012</u>	<u>895,194</u>	<u>626,948</u>	<u>1,547,301</u>	<u>4,799,926</u>	<u>89,686</u>	<u>413,016</u>	<u>119,673</u>	<u>84,528</u>	<u>-</u>	<u>707,249</u>	<u>-</u>	<u>285,251</u>	<u>637,937</u>	<u>11,573,721</u>
Expenses															
Salaries and Wages															
Lawyers	119,173	584,899	380,771	636,146	2,109,689	111,421	301,795	75,474	65,069	12,499	277,964	-	34,997	7,048	4,716,945
Paralegals	960	31,300	52,690	5	256,772	-	176	18,098	-	21,601	321,842	-	-	-	703,444
Other Staff	27,941	12,181	6,146	53,928	641,523	1,154	95	256	-	8,094	244	-	417,087	100,723	1,269,372
Employee Benefits	27,749	215,144	143,836	256,382	1,071,079	41,809	85,640	30,420	20,922	20,436	262,715	-	135,379	32,167	2,343,678
Contract Services - Clients	-	150,614	-	-	-	-	45,725	-	-	-	-	-	8,825	-	205,164
Contract Services - Program	1,909	20,495	10,025	13,996	199,722	4,026	6,703	2,120	1,458	1,424	18,310	-	9,436	38,692	328,316
Audit and Accounting	302	2,376	1,588	2,207	11,826	462	946	336	231	226	2,901	-	1,494	355	25,250
Travel	2,442	13,997	6,816	14,718	55,487	2,827	8,414	1,660	766	50	10,558	-	7,546	2,629	127,910
Training	1,353	-	-	15,436	37,899	2,323	198	-	-	-	298	-	-	399	57,906
Occupancy	2,609	20,489	13,698	19,036	140,380	3,982	8,156	2,897	1,993	1,946	29,620	-	12,893	3,063	260,762
Repairs and Maintenance	620	4,866	3,253	4,521	24,225	946	1,937	688	473	462	5,942	-	3,060	728	51,721
Office Expense	2,256	4,051	2,543	3,886	94,837	1,157	2,781	527	363	354	4,620	-	2,522	2,700	122,597
Telephone	1,782	7,281	4,868	6,765	38,800	1,415	2,898	1,029	708	692	9,519	-	4,582	1,612	81,951
Library	1,394	10,695	7,318	10,066	57,215	5,476	4,357	1,548	1,065	1,040	13,367	-	107	1,199	114,847
Insurance	521	4,034	2,738	3,779	20,388	796	1,630	579	398	389	5,001	-	924	219	41,369
Professional Dues	9,750	164	110	34,238	3,350	92	65	23	16	16	201	-	99	3,771	51,895
Equipment Rental and Maintenance	715	5,616	3,755	5,217	42,106	1,091	2,235	794	546	533	6,858	-	3,534	859	73,859
Depreciation	-	-	-	-	-	-	-	-	-	-	-	231,067	-	-	231,067
Litigation	56	3,069	1,706	1,384	11,880	324	2,859	63	129	42	1,511	-	278	66	23,367
Interest and Bank Charges	-	-	-	106,726	2	-	-	-	-	-	1	-	-	301	107,030
Other Expense	103	813	543	10,835	8,577	1,658	323	115	79	77	1,307	-	806	24,655	49,891
Total Expenses	<u>201,635</u>	<u>1,092,084</u>	<u>642,404</u>	<u>1,199,271</u>	<u>4,825,757</u>	<u>180,959</u>	<u>476,933</u>	<u>136,627</u>	<u>94,216</u>	<u>69,881</u>	<u>972,779</u>	<u>231,067</u>	<u>643,569</u>	<u>221,186</u>	<u>10,988,368</u>
Increase (Decrease) of Support and Revenue Over Expenses before Administrative and Overhead Allocations	1,165,377	(196,890)	(15,456)	348,030	(25,831)	(91,273)	(63,917)	(16,954)	(9,688)	(69,881)	(265,530)	(231,067)	(358,318)	416,751	585,353
Allocation of Administrative Costs	(6,635)	(28,155)	(19,697)	(109,755)	(134,776)	(5,044)	(13,534)	(4,204)	(2,915)	(1,891)	(26,886)	2	358,319	(4,829)	-
Reallocation of Reimbursed Costs for Matching Purposes	(1,149,932)	225,045	35,153	(211,485)	160,607	96,317	77,451	21,158	12,603	71,772	292,416	-	1	368,896	-
Other Changes in Net Assets - Acquisition of Property, Debt Payments and Proceeds, Net	-	-	-	(26,790)	-	-	-	-	-	-	-	429,194	-	(402,404)	-
Net Assets, Beginning of Year	127,839	-	-	-	-	-	-	-	-	-	-	1,187,588	-	1,264,217	2,579,644
Net Assets, End of Year	<u>\$ 136,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,385,717</u>	<u>\$ -</u>	<u>\$ 1,642,631</u>	<u>\$ 3,164,997</u>

**ADDITIONAL REPORTS REQUIRED BY *GOVERNMENT*
AUDITING STANDARDS AND BY THE UNIFORM GUIDANCE**

**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, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2019.

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 Legal Aid Society of Northeastern New York, Inc.'s internal control.

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

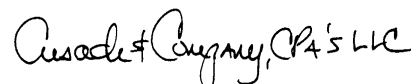
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 29, 2019

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

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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

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 federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance, with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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



CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 29, 2019

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2018

<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 - Basic Field Grant	09.233010	-	\$ 1,361,492
Legal Services Corporation - Equal Justice Works (Pass - Through)	09.233010	52-1469738	<u>5,000</u>
Total Legal Services Corporation			<u>1,366,492</u>
<u>U.S. Department of Agriculture:</u>			
Nutrition Consortium - Supplemental Nutrition Assistance Program (Pass - Through)	10.561	22-2954760	164,171
Hunger Solutions - Women, Infants and Children (WIC) (Pass - Through)	10.557	-	<u>16,952</u>
Total U.S. Department of Agriculture			<u>181,123</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Housing and Urban Development - Community Development Block Grant (Pass - Through)	14.218	-	3,627
Housing and Urban Development - Emergency Solutions Grant Programs - STEHP (Pass - Through)	14.231	14-1636163	360,053
Housing and Urban Development - Emergency Solutions Grant Programs (Pass - Through)	14.231	14-1636163	6,214
Housing and Urban Development - Emergency Solutions Grant Programs (Pass - Through)	14.235	14-1636163	38,751
Housing and Urban Development - Legal Aid Society Homelessness Unit (Pass - Through)	14.235	14-1636163	21,115
Housing and Urban Development - Continuum of Care Program	14.267	-	<u>108,713</u>
Total U.S. Department of Housing and Urban Development			<u>538,473</u>
<u>U.S. Department of Justice:</u>			
Office of Justice Programs - Legal Assistance to Victims	16.524	-	264,134
Violence Against Women STOP Grant (Pass - Through)	16.588	14-6013200	100,333
Office of Victim Services - Renewal House	16.575	-	<u>14,053</u>
Total U.S. Department of Justice			<u>378,520</u>
<u>U.S. Department of Health and Human Services:</u>			
Special Programs for the Aging (Pass - Through)	93.044	14-6013200	119,673
Substance Abuse and Mental Health Services (Pass - Through)	93.243	14-6034637	<u>20,000</u>
Total U.S. Department of Health and Human Services			<u>139,673</u>
<u>U.S. Department of the Treasury:</u>			
Low Income Taxpayer Clinics	21.008	-	<u>89,686</u>
Total U.S. Department of the Treasury			<u>89,686</u>
Total Expenditures of Federal Awards			<u>\$ 2,693,967</u>

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2018

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, 2018. 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. The information is presented in accordance with the requirements of the Uniform Guidance. All LSC awards received by the Society were considered major programs for the year ended December 31, 2018.

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. SCOPE OF THE AUDIT PURSUANT TO THE UNIFORM GUIDANCE

The Legal Aid Society of Northeastern New York, Inc. is a tax-exempt organization. All federal grant operations of the Society are included in the scope of the single audit.

3. LOAN OUTSTANDING

The Legal Aid Society of Northeastern New York, Inc. has no loan balances outstanding at December 31, 2018 in which the Society is a lender.

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

DECEMBER 31, 2018

4. 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 -Legal Assistance to Victims		
Legal Assistance to Victims Subrecipients:		
Catholic Charities of Schoharie County	16.524	\$ 5,000
Catholic Charities of Saratoga, Warren and Washington Counties	16.524	5,363
Catholic Charities of Fulton and Montgomery Counties	16.524	5,000
Behavioral Health Services North	16.524	3,949
St. Lawrence Valley Renewal House	16.524	5,521
Community Action of Greene County	16.524	5,196
Mechanicville Area Community Service Center	16.524	4,927
Wellspring, Inc.	16.524	4,952
Family Counseling Center of Fulton County	16.524	5,818
Total Federal Awards Provided to Subrecipients		<u>\$ 45,726</u>

5. INDIRECT COST RATE

The Society has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance. The Society's rate is set by the federal agencies, if applicable.

THE LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK, INC.

LSC RECIPIENT 233010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.515(d)(2)? _____ yes X no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER(S) NAME OF FEDERAL PROGRAM OR CLUSTER

09.233010 Legal Services Corporation - Albany

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

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

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings or matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or matters were reported.