

**COORDINATED ADVICE AND REFERRAL
PROGRAM FOR LEGAL SERVICES**

FINANCIAL STATEMENTS

JUNE 30, 2015

**COORDINATED ADVICE AND REFERRAL
PROGRAM FOR LEGAL SERVICES**

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

CONTENTS

	PAGE
Report of Independent Auditors	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Coordinated Advice and Referral
Program for Legal Services

Report on the Financial Statements

We have audited the accompanying financial statements of Coordinated Advice and Referral Program for Legal Services (CARPLS), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and of 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Coordinated Advice and Referral Program for Legal Services as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepting in the United States of America.

Legacy Professionals LLP

Chicago, Illinois

December 4, 2015

**COORDINATED ADVICE AND REFERRAL
PROGRAM FOR LEGAL SERVICES**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 460,379	\$ 484,347
Accounts receivable	8,750	9,694
Grants and contributions receivable	1,081,254	944,798
Prepaid expenses	10,329	9,992
Property and equipment - net	243,666	259,729
Security deposits	9,343	9,343
Total assets	<u>\$ 1,813,721</u>	<u>\$ 1,717,903</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 10,262	\$ 44,036
Accrued expenses	34,129	21,441
Deferred lease incentive	29,397	23,722
Capital lease obligations	10,296	-
Total liabilities	<u>84,084</u>	<u>89,199</u>
NET ASSETS		
Unrestricted	648,383	683,906
Temporarily restricted	1,081,254	944,798
Total net assets	<u>1,729,637</u>	<u>1,628,704</u>
Total liabilities and net assets	<u>\$ 1,813,721</u>	<u>\$ 1,717,903</u>

See accompanying notes to financial statements.

**COORDINATED ADVICE AND REFERRAL
PROGRAM FOR LEGAL SERVICES**

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2015 AND 2014

	2015		2014	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
				<u>Total</u>
REVENUE AND OTHER SUPPORT				
Grants - Lawyers Trust Fund	\$ -	\$ 665,000	\$ -	\$ 645,000
Other grants and contributions	673,069	343,612	659,133	299,798
Cy pres awards	33,170	-	-	-
Fundraising events	421,825	16,300	257,216	-
In-kind donations	413,202	-	403,983	-
Client fees	44,165	-	44,602	-
Investment income	1,593	-	910	-
Miscellaneous	-	-	885	-
	<u>1,587,024</u>	<u>1,024,912</u>	<u>1,366,729</u>	<u>944,798</u>
Net assets released from restrictions - satisfaction of time and purpose restrictions	888,456	(888,456)	853,750	(853,750)
Total revenue and other support	<u>2,475,480</u>	<u>2,611,936</u>	<u>2,220,479</u>	<u>2,311,527</u>
EXPENSES				
Program services	<u>2,159,738</u>	<u>2,159,738</u>	<u>2,014,342</u>	<u>2,014,342</u>
Supporting services				
Management and general	117,285	117,285	112,812	-
Fundraising	233,980	233,980	256,769	-
Total supporting services	<u>351,265</u>	<u>351,265</u>	<u>369,581</u>	<u>369,581</u>
Total expenses	<u>2,511,003</u>	<u>2,511,003</u>	<u>2,383,923</u>	<u>2,383,923</u>
CHANGE IN NET ASSETS	(35,523)	136,456	(163,444)	91,048
NET ASSETS				
Beginning of year	683,906	944,798	847,350	853,750
End of year	<u>\$ 648,383</u>	<u>\$ 1,081,254</u>	<u>\$ 683,906</u>	<u>\$ 944,798</u>
				<u>\$ 1,628,704</u>

See accompanying notes to financial statements.

**COORDINATED ADVICE AND REFERRAL
PROGRAM FOR LEGAL SERVICES**

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2015 AND 2014

	2015				2014					
	Supporting Services		Management and General		Supporting Services		Management and General		Supporting Services	
	Program Services	Fundraising	Total	Total	Program Services	Fundraising	Total	Program Services	Fundraising	Total
Computer support and maintenance	\$ 62,758	\$ 7,383	\$ 3,692	\$ 11,075	\$ 32,244	\$ 3,793	\$ 1,897	\$ 5,690	\$ 1,897	\$ 37,934
Consultants	-	-	21,296	21,296	-	-	32,323	32,323	32,323	32,323
Depreciation	26,002	3,059	1,530	4,589	6,575	774	386	1,160	386	7,735
Donated services	404,428	-	-	-	350,269	23,333	23,333	46,666	23,333	396,935
Dues and subscriptions	2,468	2,468	2,378	4,846	2,368	2,368	5,830	8,198	5,830	10,566
Employee benefits	110,744	4,909	9,553	14,462	102,289	3,217	8,927	12,144	8,927	114,433
Equipment rental and maintenance	34,479	4,056	2,028	6,084	35,166	4,137	2,069	6,206	2,069	41,372
Fundraising events	-	-	56,464	56,464	-	-	35,784	35,784	35,784	35,784
Insurance	12,639	442	860	1,302	10,882	272	753	1,025	753	11,907
Interest	-	688	-	688	-	8	-	8	-	8
Library	256	-	-	-	224	-	-	-	-	224
Marketing and promotion	-	-	1,143	1,143	-	-	3,150	3,150	3,150	3,150
Meetings	3,060	781	2,219	3,000	3,060	781	2,138	2,919	2,138	5,979
Occupancy	84,955	9,995	4,997	14,992	84,295	9,917	4,959	14,876	4,959	99,171
Office supplies and expense	10,061	1,184	592	1,776	10,102	1,189	594	1,783	594	11,885
Payroll taxes	104,169	4,617	8,986	13,603	102,457	3,222	8,941	12,163	8,941	114,620
Postage	4,223	3	5,662	5,665	3,220	3	8,568	8,571	8,568	11,791
Printing	664	98	1,206	1,304	205	98	6,696	6,794	6,696	6,999
Professional fees	-	17,560	-	17,560	-	17,732	-	17,732	-	17,732
Salaries	1,274,505	56,485	109,943	166,428	1,253,359	39,409	109,384	148,793	109,384	1,402,152
Telephone	24,327	2,862	1,431	4,293	17,627	2,074	1,037	3,111	1,037	20,738
Travel and conference	-	695	-	695	-	485	-	485	-	485
	<u>\$ 2,159,738</u>	<u>\$ 117,285</u>	<u>\$ 233,980</u>	<u>\$ 351,265</u>	<u>\$ 2,014,342</u>	<u>\$ 112,812</u>	<u>\$ 256,769</u>	<u>\$ 369,581</u>	<u>\$ 256,769</u>	<u>\$ 2,383,923</u>

See accompanying notes to financial statements.

**COORDINATED ADVICE AND REFERRAL
PROGRAM FOR LEGAL SERVICES**

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 100,933	\$ (72,396)
Adjustments to reconcile change in net assets to net cash (used in) operating activities		
Depreciation and amortization	30,591	7,735
Net capitalization of deferred lease incentive	5,675	7,854
Donated investments	(8,774)	(7,048)
(Gain) loss on donated investments	(908)	316
Changes in assets and liabilities		
Accounts receivable	944	21,805
Grants and contributions receivable	(136,456)	(86,187)
Prepaid expenses	(337)	3,996
Accounts payable and accrued expenses	(21,086)	7,386
Net cash (used in) operating activities	<u>(29,418)</u>	<u>(116,539)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	9,682	12,521
Purchases of property and equipment	<u>(600)</u>	<u>(126,662)</u>
Net cash (used in) investing activities	<u>9,082</u>	<u>(114,141)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligations	<u>(3,632)</u>	<u>(1,342)</u>
NET (DECREASE) IN CASH	(23,968)	(232,022)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>484,347</u>	<u>716,369</u>
End of year	<u>\$ 460,379</u>	<u>\$ 484,347</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u>\$ 688</u>	<u>\$ 8</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment acquired under capital lease obligation	<u>\$ 13,928</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**COORDINATED ADVICE AND REFERRAL
PROGRAM FOR LEGAL SERVICES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 1. NATURE OF THE ORGANIZATION AND TAX STATUS

Coordinated Advice and Referral Program for Legal Services (CARPLS) provides pro bono legal advice and coordinates referrals for indigent clients to legal aid offices in Cook County.

CARPLS is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and thus is generally not subject to tax. In addition, the Internal Revenue Service has determined that CARPLS is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

CARPLS files Form 990, *Return of Organization Exempt from Income Tax*, which is subject to examination by the Internal Revenue Service until the applicable statute of limitations expires.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation - To conform with generally accepted accounting principles, CARPLS is required to report information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted - Unrestricted net assets are available to finance the general operations of CARPLS. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of CARPLS, the environment in which it operates and the purposes specified in its bylaws.

Board Designated - Board designated net assets are unrestricted net assets designated by the Board for various activities. These designations are based on Board actions, which can be altered or revoked at a future time by the Board. At both June 30, 2015 and 2014, there were no net assets designated for projects.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Temporarily Restricted - Temporarily restricted net assets result (a) from contributions and other inflows of assets, the use of which by CARPLS is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of CARPLS pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time or their fulfillment and removal by actions of CARPLS pursuant to those stipulations.

Permanently Restricted - Permanently restricted net assets (generally referred to as endowment funds) result from (a) contributions and other inflows of assets, the use of which by CARPLS is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of CARPLS, (b) other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) reclassifications from (or to) other classes of net assets as a consequence of donor-imposed stipulations. At June 30, 2015 and 2014, CARPLS does not have any permanently restricted net assets.

Basis of Revenue Recognition - Unconditional promises to give are recognized as revenue in the period the promise is received and are included as assets, decreases of liabilities or expenses, depending on the form of benefits received.

Cash and Cash Equivalents - CARPLS considers all highly liquid investments with an initial maturity of three months or less at the date of acquisition to be cash equivalents.

Receivables - CARPLS uses the direct write-off method for receivables deemed uncollectible. At June 30, 2015, grants and contributions receivable of \$1,081,254 is due entirely in the year ending June 30, 2016.

Property and Equipment - Property and equipment are carried at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed by the straight-line method over estimated three to seven year useful lives.

Deferred Lease Incentive - As part of a leasing arrangement, CARPLS received an incentive in the form free rent from the landlord. CARPLS recognizes this incentive as a reduction of rental expense on a straight-line basis over the term of the lease.

Public Support - Periodically, CARPLS hosts various fundraising events. There are no restrictions from this support, and the funds are used for the primary activity and general operations of CARPLS.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses - The costs of providing the various program services are summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs are allocated based on hours and labor dollars incurred and programs and supporting services benefited.

Donated Investments, Property and Equipment and Services - Donated investments are recorded at fair value at the date of contribution. Donated property and equipment are recorded at fair value at the date of contribution and are depreciated over their estimated useful lives.

Contributions of donated services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provide by donation. CARPLS recorded donated services at fair value and included hours donated from attorneys and law school students, as well as other professional services. Donations of in-kind services are presented in the statement of activities as support with an equal amount shown as expense.

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

Reclassifications - Certain reclassifications have been made to prior year amounts to conform to the presentation for the current year.

Subsequent Events - Subsequent events have been evaluated through December 4, 2015, which is the date the financial statements were available to be issued.

NOTE 3. CONCENTRATION OF CREDIT RISK

Cash consists of monies held in interest bearing checking and money market accounts without significant withdrawal restrictions. CARPLS maintains its cash balances at financial institutions deemed to be creditworthy. Balances are insured by FDIC up to \$250,000 per financial institution and may at times exceed insured limits.

NOTE 4. LEASE COMMITMENTS

CARPLS leases office space under a lease agreement with an expiration date of September 30, 2019. As an incentive to extend the lease, the landlord provided free rent for five months of the lease. This lease incentive is being amortized on a straight-line basis over the term of the lease. CARPLS also leases a copier under a lease agreement with an expiration date of December 28, 2015, as well as its phone system, which had an expiration date of September 26, 2015. Subsequent to year end, the phone lease expired is now being leased on a month-to-month basis. The following is a schedule of future minimum payments required under the terms of the leases:

	<u>Office</u>	<u>Phone</u>	<u>Copier</u>	<u>Total</u>
Year ending June 30,				
2016	\$ 91,718	\$ 4,888	\$ 2,088	\$ 98,694
2017	102,612	-	-	102,612
2018	104,988	-	-	104,988
2019	107,364	-	-	107,364
2020	27,336	-	-	27,336
Total	<u>\$ 434,018</u>	<u>\$ 4,888</u>	<u>\$ 2,088</u>	<u>\$ 440,994</u>

Office rent expense was \$96,780 for year ended June 30, 2015 and \$95,655 for 2014. Phone equipment and copier rent expense was \$36,351 for the year ended June 30, 2015 and \$36,127 for 2014.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 65,086	\$ 65,086
Office equipment and software	102,262	88,567
Externally developed software	254,145	254,145
Total	421,493	407,798
Less accumulated depreciation	(177,827)	(148,069)
Net property and equipment	<u>\$ 243,666</u>	<u>\$ 259,729</u>

CARPLS capitalized \$14,528 in computer hardware during the year ended June 30, 2015 and \$126,662 in software development expenses during the year ended June 30, 2014. Additionally, CARPLS also disposed of obsolete property and equipment during the years ended June 30, 2015 and 2014 that had a cost value and related accumulated depreciation of \$833 and \$111,177 respectively.

Depreciation expense was \$30,591 for the year ended June 30, 2015 and \$7,735 for 2014.

NOTE 6. CAPITAL LEASE OBLIGATIONS

In August 2010, CARPLS entered into two leases for computer equipment. The capitalized cost of the equipment was \$22,538 and is included in property and equipment in the statements of financial position. The leases required monthly payments of \$360 and \$316 and included interest at 9.50% and 0%, respectively. Final payment on these leases were paid in full during the year ended June 30, 2014.

In October 2015, CARPLS entered into a lease for computer equipment. The capitalized cost of the equipment was \$13,928 and is included in property and equipment in the statements of financial position. The leases required monthly payments of \$422 and included interest at 5.73%. Future minimum principal payments required under this capital lease are due as follows:

Year ending June 30,	
2016	\$ 4,594
2017	4,863
2018	<u>839</u>
Total	<u>\$ 10,296</u>

NOTE 7. MAJOR CONTRIBUTORS

During the years ended June 30, 2015 and 2014, two contributors accounted for approximately 45% and 50%, respectively, of total revenue and support.

NOTE 8. PENSION PLANS

CARPLS sponsors a 401(k) plan available to all full-time employees. Employees can elect to defer a percentage of salary subject to Internal Revenue Service limitations. CARPLS can elect to match a percentage of the employee's deferral. CARPLS did not elect to match any employee deferrals during either 2015 or 2014.

NOTE 9. CY PRES AWARDS

Cy pres awards are residual funds in class action cases that are unclaimed or cannot be distributed to the class members or beneficiaries who were the intended recipients. CARPLS was awarded \$33,170 for the year ended June 30, 2015. No Cy pres awards were received for the year ended June 30, 2014.