

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

FINANCIAL STATEMENTS

JUNE 30, 2020

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

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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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, 2020 and 2019, and the related statements of activities, of functional expenses 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, 2020 and 2019, 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.

Emphasis of Matters

As discussed in Note 2, during the year ended June 30, 2020, Coordinated Advice and Referral Program for Legal Services implemented new accounting guidance clarifying the scope and accounting guidance for contributions received and contributions made.

As discussed in Note 16, the 2019 financial statements have been restated to correct certain misstatements. Our opinion is not modified with respect to these matters.

Legacy Professionals LLP

Westchester, Illinois

April 14, 2021

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

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,627,327	\$ 1,344,410
Accounts receivable	134,682	21,743
Grants and contributions receivable	1,346,078	1,114,490
Prepaid expenses	19,362	14,716
Property and equipment - net	32,670	64,841
Security deposits	<u>9,343</u>	<u>9,343</u>
Total assets	<u>\$ 3,169,462</u>	<u>\$ 2,569,543</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 12,932	\$ 10,413
Accrued expenses	45,618	57,601
Deferred lease incentive	-	3,535
PPP loan payable	<u>434,953</u>	<u>-</u>
Total liabilities	<u>493,503</u>	<u>71,549</u>
NET ASSETS		
Without donor restrictions	921,709	1,154,677
With donor restrictions	<u>1,754,250</u>	<u>1,343,317</u>
Total net assets	<u>2,675,959</u>	<u>2,497,994</u>
Total liabilities and net assets	<u>\$ 3,169,462</u>	<u>\$ 2,569,543</u>

See accompanying notes to financial statements.

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

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Grants and contributions	\$ 813,707	\$ 1,619,250	\$ 2,432,957	\$ 821,403	\$ 1,298,317	\$ 2,119,720
Cy pres awards	-	-	-	26,899	-	26,899
Fundraising events	290,844	85,000	375,844	1,066,806	-	1,066,806
In-kind donations	185,832	-	185,832	337,776	-	337,776
Client fees	26,180	-	26,180	11,050	-	11,050
Investment income	9,393	-	9,393	505	-	505
Miscellaneous	44	-	44	-	-	-
Total revenue and other support	1,326,000	1,704,250	3,030,250	2,264,439	1,298,317	3,562,756
Net assets released from restrictions - satisfaction of time and purpose restrictions	1,293,317	(1,293,317)	-	1,093,192	(1,093,192)	-
	2,619,317	410,933	3,030,250	3,357,631	205,125	3,562,756
EXPENSES						
Program services	2,492,225	-	2,492,225	2,551,278	-	2,551,278
Supporting services						
Management and general	176,428	-	176,428	99,318	-	99,318
Fundraising	183,632	-	183,632	314,631	-	314,631
Total supporting services	360,060	-	360,060	413,949	-	413,949
Total expenses	2,852,285	-	2,852,285	2,965,227	-	2,965,227
CHANGE IN NET ASSETS	(232,968)	410,933	177,965	392,404	205,125	597,529
NET ASSETS						
Beginning of year - as restated	1,154,677	1,343,317	2,497,994	762,273	1,138,192	1,900,465
End of year	\$ 921,709	\$ 1,754,250	\$ 2,675,959	\$ 1,154,677	\$ 1,343,317	\$ 2,497,994

See accompanying notes to financial statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020					2019				
	Supporting Services				Total	Supporting Services				Total
	Program Services	Management and General	Fundraising	Supporting Services		Program Services	Management and General	Fundraising	Supporting Services	
Computer support and maintenance	\$ 101,585	\$ 11,951	\$ 5,976	\$ 17,927	\$ 119,512	\$ 53,009	\$ 6,236	\$ 3,118	\$ 9,354	\$ 62,363
Depreciation	42,849	5,041	2,521	7,562	50,411	69,786	8,210	4,105	12,315	82,101
Donated services	183,469	-	-	-	183,469	330,310	-	-	-	330,310
Dues and subscriptions	4,259	79	347	426	4,685	4,024	75	328	403	4,427
Employee benefits	94,185	4,465	6,892	11,357	105,542	123,392	2,783	12,190	14,973	138,365
Equipment rental and maintenance	47,269	5,561	2,781	8,342	55,611	46,339	5,452	2,726	8,178	54,517
Fundraising events	-	-	15,108	15,108	15,108	-	-	89,185	89,185	89,185
Insurance	16,363	304	1,334	1,638	18,001	13,123	244	1,070	1,314	14,437
Library	235	-	-	-	235	510	-	-	-	510
Marketing and promotion	-	-	4,197	4,197	4,197	-	-	13,617	13,617	13,617
Meetings	4,411	637	715	1,352	5,763	5,674	637	5,331	5,968	11,642
Miscellaneous	-	1,398	-	1,398	1,398	-	2,640	-	2,640	2,640
Occupancy	99,149	11,665	5,832	17,497	116,646	89,373	10,514	5,257	15,771	105,144
Office supplies and expense	9,764	1,149	574	1,723	11,487	9,757	1,148	574	1,722	11,479
Payroll taxes	128,319	6,082	9,390	15,472	143,791	129,082	2,909	12,752	15,661	144,743
Postage	3,921	139	15	154	4,075	5,730	674	337	1,011	6,741
Printing	350	24	2,402	2,426	2,776	1,998	235	118	353	2,351
Professional fees	36,454	44,166	-	44,166	80,620	-	17,213	-	17,213	17,213
Salaries	1,697,228	80,448	124,192	204,640	1,901,868	1,644,840	37,073	162,492	199,565	1,844,405
Telephone	22,415	2,637	1,319	3,956	26,371	24,331	2,863	1,431	4,294	28,625
Travel and conference	-	682	37	719	719	-	412	-	412	412
Total	<u>\$ 2,492,225</u>	<u>\$ 176,428</u>	<u>\$ 183,632</u>	<u>\$ 360,060</u>	<u>\$ 2,852,285</u>	<u>\$ 2,551,278</u>	<u>\$ 99,318</u>	<u>\$ 314,631</u>	<u>\$ 413,949</u>	<u>\$ 2,965,227</u>

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 177,965	\$ 597,529
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	50,411	82,101
Amortization of deferred lease incentive	(3,535)	(12,159)
Donated investments	(10,830)	(28,316)
Loss (gain) on donated investments	18	(42)
Changes in assets and liabilities		
Accounts receivable	(112,939)	(12,993)
Grants and contributions receivable	(231,588)	3,704
Prepaid expenses	(4,646)	(3,875)
Accounts payable and accrued expenses	<u>(9,464)</u>	<u>27,554</u>
Net cash provided by operating activities	<u>(144,608)</u>	<u>653,503</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	10,812	28,358
Purchases of property and equipment	<u>(18,240)</u>	<u>(1,857)</u>
Net cash provided by (used in) investing activities	<u>(7,428)</u>	<u>26,501</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan	<u>434,953</u>	<u>-</u>
NET INCREASE IN CASH	282,917	680,004
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,344,410</u>	<u>664,406</u>
End of year	<u>\$ 1,627,327</u>	<u>\$ 1,344,410</u>

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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, Illinois.

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.

Accounting principles generally accepted in the United States of America require CARPLS to evaluate tax positions taken by CARPLS and recognize a tax liability if CARPLS has taken an uncertain position that more likely than not would not be sustained upon examination by tax authorities. CARPLS is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New Accounting Pronouncements - In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 605), which was effective for CARPLS's financial statements for the year ended June 30, 2020. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. There is no effect on net assets in connection with the implementation of this ASU.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (continued)

In May 2014, FASB issued a new accounting standard, ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded. Nonprofit organizations were originally expected to apply the new standard for annual periods beginning after December 14, 2018. On June 3, 2020, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic, FASB deferred the effective date of FASB ASC 606 for certain entities that have not yet made financial statements available for issuance that reflect the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019. Accordingly, CARPLS has deferred the adoption of FASB ASC 606 for one year.

Basis of Presentation - In order to conform with generally accepted accounting principles, CARPLS is required to report information regarding its financial position and activities in two classes of net assets: without donor restriction and with donor restriction.

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and available to finance the general operations of CARPLS. The only limits on the use of net assets without donor restriction are the broad limits resulting from the nature of CARPLS, the environment in which it operates and the purposes specified in its articles of incorporation.

Net Assets with Donor Restrictions - Net assets that are subject to donor-imposed or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2020 and 2019, there were no perpetual donor restrictions.

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.

Donor-restricted support is reported as an increase in net assets with donor restrictions. Restrictions generally expire when a stipulated time restriction ends or purpose restriction is accomplished, at which time net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, CARPLS reports the support as net assets without donor restrictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants - CARPLS recognizes grants upon receipt. Conditional grants - that is, those with measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met.

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, 2020, grants and contributions receivable of \$1,346,078 are due entirely in the year ending June 30, 2021. At June 30, 2019, grants and contributions receivable of \$1,114,490 were due entirely in the year ended June 30, 2020.

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 the following estimated useful lives of the related assets:

Furniture and fixtures	5 - 7 years
Office equipment and software	3 - 7 years
Externally developed software	3 - 5 years

Accrued Paid Time Off - CARPLS has established a policy for paid time off (PTO). PTO offered under this policy includes both vacation and paid sick leave and varies based on tenure and employee status. In accordance with City of Chicago ordinances, a portion of the PTO related to paid sick leave may be carried over to subsequent periods. The obligation for accrued PTO was \$22,198 and \$26,065 as of June 30, 2020 and 2019, respectively.

Deferred Lease Incentive - As part of a leasing arrangement, CARPLS received an incentive in the form of 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 purpose restrictions from this support, and the funds are used for the primary activity and general operations of CARPLS.

Functional Allocation of Expenses - The costs of providing the various program services are summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on estimates of time and effort.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statements 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.

Subsequent Events - Subsequent events have been evaluated through April 14, 2021, which is the date the financial statements were available to be issued.

NOTE 3. CONCENTRATION OF CASH

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 an agreement that expired in September 2019, it has since been extended through September 30, 2021. Under a previous incentive to extend the lease, the landlord provided free rent for five months of the lease. This lease incentive was amortized on a straight-line basis over the original term of the extension, which expired in September 2019. CARPLS also leases a copier under a lease agreement which expired in December 31, 2019 and was replaced with a new lease agreement in January 2020. The new copier lease agreement extends through December 2023. Additionally, CARPLS entered into a lease agreement for a mail machine which expires in April 2025. The following is a schedule of future minimum payments required under the terms of the leases:

	<u>Mail Machine</u>	<u>Copier</u>	<u>Office</u>	<u>Total</u>
Year ending June 30,				
2021	\$ 843	\$ 3,292	\$ 113,502	\$ 117,637
2022	843	3,292	38,032	42,167
2023	843	3,292	-	4,135
2024	843	1,646	-	2,489
2025	<u>703</u>	<u>-</u>	<u>-</u>	<u>703</u>
Total	<u>\$ 4,075</u>	<u>\$ 11,522</u>	<u>\$ 151,534</u>	<u>\$ 167,131</u>

Office rent expense was \$113,854 for year ended June 30, 2020 and \$102,277 for 2019. Copier and mail machine rental expenses were \$4,710 the year ended June 30, 2020 and \$7,312 for 2019.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 65,086	\$ 65,086
Office equipment and software	148,562	131,883
Externally developed software	<u>324,624</u>	<u>323,064</u>
	538,272	520,033
Less accumulated depreciation	<u>(505,602)</u>	<u>(455,192)</u>
Net property and equipment	<u>\$ 32,670</u>	<u>\$ 64,841</u>

CARPLS capitalized \$18,240 and \$1,857 in property and equipment during the years ended June 30, 2020 and 2019, respectively. No assets were disposed of during the years ended June 30, 2020 and 2019.

Depreciation expense was \$50,411 for the year ended June 30, 2020 and \$82,101 for 2019.

NOTE 6. MAJOR CONTRIBUTORS

During the year ended June 30, 2020, two contributors accounted for approximately 56% while at June 30, 2019 three contributors contributed approximately 51%, of total revenue and support.

NOTE 7. PENSION PLAN

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 2020 or 2019.

NOTE 8. CY PRES AWARDS

Cy pres awards represent residual funds in class action cases that are unclaimed or cannot be distributed to the class members or beneficiaries who were the intended recipients. The cy pres doctrine is a legal doctrine that is applied when the original objective of the settlor becomes impossible, impracticable, or illegal to perform. The doctrine allows the court to amend the terms as closely as possible to the original intention of the settlor. CARPLS received cy pres awards totaling \$0 and \$26,899 and for the years ended June 30, 2020 and 2019, respectively.

NOTE 9. LIQUIDITY AND AVAILABILITY OF RESOURCES

CARPLS receives significant grants restricted by grantors. CARPLS considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. CARPLS manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long term obligations will be discharged.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,627,327	\$ 1,344,410
Receivables (due within one year)	<u>1,480,760</u>	<u>1,136,233</u>
Financial assets available for general expenditures within one year	<u>\$ 3,108,087</u>	<u>\$ 2,480,643</u>

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods as directed by the donors at June 30, 2020 and 2019, as follows:

	<u>2020</u>	<u>2019</u>
Time restricted	\$ 986,650	\$ 815,400
Purpose restricted		
Telephone hotlines	313,009	341,667
Court-based help centers	87,924	186,250
Cannabis conviction record project	366,667	-
Total purpose restricted	<u>767,600</u>	<u>527,917</u>
Total	<u>\$ 1,754,250</u>	<u>\$ 1,343,317</u>

During the years ended June 30, 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or periods, as follows:

	<u>2020</u>	<u>2019</u>
Time restricted	\$ 765,400	\$ 688,000
Purpose restricted		
Telephone hotlines	341,667	357,692
Court-based help centers	186,250	47,500
Total purpose restricted	<u>527,917</u>	<u>405,192</u>
Total	<u>\$ 1,293,317</u>	<u>\$ 1,093,192</u>

NOTE 11. RELATED PARTIES

During the years ended June 30, 2020 and 2019, there were numerous contributions made by members of the Board of Directors to CARPLS. These transactions totaled \$80,450 in the year ended June 30, 2020 and were \$124,100 in the year ended June 30, 2019.

NOTE 12. CONDITIONAL GRANT

Previously, CARPLS had received a conditional matching grant, whose recognition was contingent on the development of additional support revenue. Under the terms of the agreement, the grantor would match \$1 for each \$1 contributed by a new donor and \$1 incremental contributions from current donors. The match is capped at \$25,000 per year and extends through March 11, 2022 for one final grant reporting year. CARPLS recognized \$25,000 in connection with this grant for both years ended June 30, 2020 and 2019.

As discussed in Note 2, conditional grants are only recognized as revenue when the grantor's conditions are substantially satisfied.

NOTE 13. LOAN PAYABLE

In April 2020, CARPLS qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program established under the CARES Act and implemented by the U.S. Small Business Administration (SBA), for an aggregate principal amount of \$434,953. The loan provides for customary events of default, including those related to failure to make payment and breaches of representations. CARPLS may prepay the principal of the PPP loan at anytime without incurring any prepayment charges. Under the CARES Act, loan forgiveness is available for the sum of documented payroll costs and covered occupancy expenses during the 24-week period beginning on the date of first disbursement of the PPP loan. Not more than 40% of the forgiven amount can be attributable to non-payroll costs. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payments for the first six months. The PPP loan was forgiven subsequent to year end.

NOTE 14. CONTRACTUAL COMMITMENT

In April 2020, CARPLS entered into a contract for the development and configuration of customized, cloud-based software. This new software will be used in conjunction with the new cannabis expungement project and is expected to be completed in the year ended June 30, 2021. Under the terms of the agreement, CARPLS will make periodic payments in connection with the completion of pre-defined milestones. No payments were made under this contract during the year ended June 30, 2020 and total payments due under the contract are estimated to be approximately \$120,000.

NOTE 15. IMPACT OF COVID-19 AND NEWLY ENACTED LEGISLATION

As a result of the spread of the COVID-19 coronavirus pandemic, economic uncertainties have arisen, which may negatively impact Coordinated Advice and Referral Program for Legal Services' operations and financial condition. The potential impact and duration of the pandemic is unknown as of the date the financial statements were available to be issued.

CARPLS has taken aggressive steps to ensure that it can continue to function while a portion of its staff shelter at home to mitigate the effects of the pandemic. This includes the establishment of remote connectivity and teleworking capability for numerous staff, including essential administrative staff.

Several major legislative relief packages were enacted in response to the coronavirus outbreak, containing numerous tax, emergency funding and other regulatory provisions. As stated in Note 13, CARPLS received a PPP loan during the fiscal year for \$434,953. The PPP loan is the main stimulus for small businesses to come out of the CARES Act. CARPLS utilized these funds to assist with payroll and other costs during the COVID-19 pandemic. Additionally, CARPLS continues to evaluate the impact of the newly enacted legislation on its operations and cash flow.

NOTE 16. RESTATEMENT OF NET ASSETS

Net assets with donor restrictions as of July 1, 2019 were restated to correct for certain misstatements. The following is a summary of adjustments to previously reported amounts:

	As Previously <u>Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Grants and contributions receivable	<u>\$ 1,014,490</u>	<u>\$ 100,000</u>	<u>\$ 1,114,490</u>
Net assets with donor restrictions	<u>\$ 1,243,317</u>	<u>\$ 100,000</u>	<u>\$ 1,343,317</u>
Change in net assets	<u>\$ 497,529</u>	<u>\$ 100,000</u>	<u>\$ 597,529</u>