



## Audited Financial Statements

September 30, 2018

## **Independent Auditor's Report**

To the Board of Directors of  
Legal Information for Families Today

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Legal Information for Families Today ("LIFT"), which comprise the statement of financial position as of September 30, 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.

### ***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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 organization'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 organization'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.

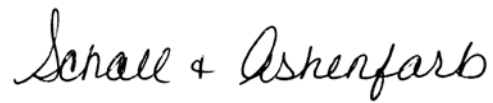
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legal Information for Families Today as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb  
Certified Public Accountants, LLC

January 24, 2019

**LEGAL INFORMATION FOR FAMILIES TODAY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2018**  
(With comparative totals as of September 30, 2017)

	<u>9/30/18</u>	<u>9/30/17</u>
<b>Assets</b>		
Cash and cash equivalents	\$1,158,841	\$748,215
Government grants receivable	298,108	332,134
Pledges receivable	28,786	38,500
Prepaid expenses and other assets	59,756	83,657
Security deposits	28,546	18,632
Fixed assets, net (Note 3)	<u>3,553</u>	<u>8,670</u>
 Total assets	 <u><u>\$1,577,590</u></u>	 <u><u>\$1,229,808</u></u>
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$114,156	\$79,265
Deferred rent	<u>3,530</u>	<u>0</u>
Total liabilities	<u><u>117,686</u></u>	<u><u>79,265</u></u>
Net assets:		
Unrestricted:		
Reserve fund	250,000	250,000
Undesignated	<u>1,209,904</u>	<u>870,543</u>
Total unrestricted	<u>1,459,904</u>	<u>1,120,543</u>
Temporarily restricted (Note 4)	<u>0</u>	<u>30,000</u>
Total net assets	<u><u>1,459,904</u></u>	<u><u>1,150,543</u></u>
 Total liabilities and net assets	 <u><u>\$1,577,590</u></u>	 <u><u>\$1,229,808</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**LEGAL INFORMATION FOR FAMILIES TODAY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
(With comparative totals for the year ended September 30, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 9/30/18</u>	<u>Total 9/30/17</u>
Revenue and support:				
Government grants	\$1,529,249		\$1,529,249	\$1,412,452
Contributions	391,308	\$48,000	439,308	280,528
In-kind contributions	69,554		69,554	43,488
Special events (net of direct expenses of \$97,160 and \$63,446)	423,779		423,779	344,594
Investment and other income	22,790		22,790	5,372
Net assets released from restrictions	78,000	(78,000)	0	0
Total revenue and support	<u>2,514,680</u>	<u>(30,000)</u>	<u>2,484,680</u>	<u>2,086,434</u>
Expenses:				
Program services	<u>1,666,521</u>		<u>1,666,521</u>	<u>1,395,703</u>
Supporting services:				
Management and general	213,855		213,855	194,638
Fundraising	<u>294,943</u>		<u>294,943</u>	<u>265,590</u>
Total supporting services	<u>508,798</u>	<u>0</u>	<u>508,798</u>	<u>460,228</u>
Total expenses	<u>2,175,319</u>	<u>0</u>	<u>2,175,319</u>	<u>1,855,931</u>
Change in net assets	339,361	(30,000)	309,361	230,503
Net assets - beginning of year	<u>1,120,543</u>	<u>30,000</u>	<u>1,150,543</u>	<u>920,040</u>
Net assets - end of year	<u><u>\$1,459,904</u></u>	<u><u>\$0</u></u>	<u><u>\$1,459,904</u></u>	<u><u>\$1,150,543</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**LEGAL INFORMATION FOR FAMILIES TODAY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
(With comparative totals for the year ended September 30, 2017)

	Program Services						Supporting Services				Total Expenses 9/30/18	Total Expenses 9/30/17
	Helplines	Family Court Programs	Legal Education and Publications	Public Policy	Judge For a Day	Social Services	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$219,480	\$460,136	\$117,889	\$31,652	\$77,714	\$156,006	\$1,062,877	\$35,078	\$163,180	\$198,258	\$1,261,135	\$1,034,729
Payroll taxes and benefits	54,491	114,240	29,269	7,858	19,294	38,732	263,884	8,711	40,513	49,224	313,108	270,863
Total personnel expenses	273,971	574,376	147,158	39,510	97,008	194,738	1,326,761	43,789	203,693	247,482	1,574,243	1,305,592
Rent expense	26,505	55,567	14,237	3,822	9,385	18,840	128,356	4,236	19,706	23,942	152,298	118,040
Program expenses						10,848	10,848			0	10,848	10,621
Professional fees							0	65,550		65,550	65,550	119,702
Consultants fees	10,421	50,850	5,454	1,915	4,257	8,096	80,993	10,215	7,363	17,578	98,571	55,994
In-kind professional fees							0	69,554		69,554	69,554	43,488
Telephone and communications	3,654	7,661	1,963	527	1,294	2,597	17,696	584	2,717	3,301	20,997	21,253
Supplies	5,567	11,672	2,990	803	1,971	3,957	26,960	891	4,139	5,030	31,990	10,383
Payroll processing fees	1,705	3,575	916	246	604	1,212	8,258	272	1,268	1,540	9,798	7,230
Postage and delivery	321	672	172	46	113	228	1,552	52	238	290	1,842	2,208
Travel and meeting expenses	863	1,810	464	125	306	614	4,182	138	642	780	4,962	4,671
Printing and copying			18,731				18,731			0	18,731	7,243
Dues and subscriptions	2,218	4,649	1,191	320	785	1,576	10,739	355	1,649	2,004	12,743	11,626
Insurance	3,123	6,547	1,677	450	1,106	2,220	15,123	501	2,322	2,823	17,946	13,575
Training and conferences	636	1,334	342	92	225	452	3,081	101	473	574	3,655	2,130
Recruitment fees							0	11,906		11,906	11,906	57,182
Equipment rental	1,238	2,596	665	179	438	880	5,996	198	921	1,119	7,115	10,778
Miscellaneous expenses	606	1,270	325	87	215	431	2,934	5,369	450	5,819	8,753	5,178
Special events - indirect expenses							0		48,700	48,700	48,700	40,162
Total expenses before depreciation	330,828	722,579	196,285	48,122	117,707	246,689	1,662,210	213,711	294,281	507,992	2,170,202	1,847,056
Depreciation	890	1,867	478	128	315	633	4,311	144	662	806	5,117	8,875
Total expenses	\$331,718	\$724,446	\$196,763	\$48,250	\$118,022	\$247,322	\$1,666,521	\$213,855	\$294,943	\$508,798	\$2,175,319	\$1,855,931

*The attached notes and auditor's report are an integral part of these financial statements.*

**LEGAL INFORMATION FOR FAMILIES TODAY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
(With comparative totals for the year ended September 30, 2017)

	<u>9/30/18</u>	<u>9/30/17</u>
Cash flows from operating activities:		
Change in net assets	\$309,361	\$230,503
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,117	8,875
Changes in assets and liabilities:		
Government grants receivable	34,026	(73,074)
Pledges receivable	9,714	1,500
Prepaid expenses and other assets	23,901	(33,183)
Security deposits	(9,914)	(543)
Accounts payable and accrued expenses	34,891	(12,360)
Deferred rent	3,530	0
Total adjustments	<u>101,265</u>	<u>(108,785)</u>
Net cash provided by operating activities/ increase in cash and cash equivalents	410,626	121,718
Cash and cash equivalents - beginning of year	<u>748,215</u>	<u>626,497</u>
Cash and cash equivalents - end of year	<u><u>\$1,158,841</u></u>	<u><u>\$748,215</u></u>
Supplemental information:		
No interest or taxes were paid.		

*The attached notes and auditor's report are an integral part of these financial statements.*

**LEGAL INFORMATION FOR FAMILIES TODAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 1 - Organization**

Legal Information for Families Today (“LIFT”) empowers unrepresented litigants by providing them with information, advice and guidance which enable them to advocate for their needs in Family Court. To achieve this goal, we operate award-winning programs that work across a continuum, enabling participants to choose either short-term interventions or long-term engagements that will assist in achieving their familial goals. For quick answers to their family law questions, they may access our Education & Information Sites, located inside the Court buildings, as well as our Family Law Information Helplines. More intensive services are provided by LIFT’s Court Consultations in the City’s Family Courthouses in all five boroughs. In 2018, LIFT developed and piloted Family Legal Connection, an innovative new online program that uses videoconferencing and document-sharing technology to enable participants to obtain legal advice from pro bono lawyers without traveling to the Courthouse. We also ensure that families have access to a range of social services, and we conduct skills building workshops and legal clinics in partnership with community-based organizations. In addition, we produce multilingual Legal Resource Guides which are step-by-step guides to a variety of New York State family law and Family Court topics. In 2018, LIFT served nearly 30,000 families through our programs.

**Note 2 - Summary of Significant Accounting Policies**

a. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

b. Basis of Presentation

LIFT, as a not-for-profit organization, reports information regarding its financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor-imposed restrictions.
- *Temporarily restricted* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.
- *Permanently restricted* – relates to contributions of cash and other assets that the assets must remain intact due to restrictions placed by the donor. There was no permanently restricted activity or net assets at September 30, 2018 and 2017, respectively.

c. Revenue Recognition

LIFT reports contributions at the earlier of the receipt of cash or at a time a pledge becomes unconditional in nature. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.



All government grants have been recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between cash received and revenue recognized is reflected as government grants receivable or refundable advances.

d. Cash and Cash Equivalents

LIFT considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments that potentially subject LIFT to concentration of credit risk consist of cash accounts with financial institutions. From time to time throughout the year, portions of such balances may exceed the Federal Depository Insurance Corporation limit; however, management deems such financial institutions to be creditworthy and monitors this risk on a regular basis.

f. Pledges Receivable

LIFT records unconditional promises to give in the period pledged at net realizable value if expected to be received within one year. Long-term pledges are recorded at fair value based on a risk adjusted discount rate if considered material. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

g. Allowance for Doubtful Accounts

At year end, all outstanding government and contributions receivable were due within one year. Management reviews receivables that are unlikely to be collected based on historical experience and a review of activity subsequent to the statement of financial position date. No allowance for doubtful accounts exists as of September 30, 2018 and 2017, respectively. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollectable.

h. Fixed Assets

Property and equipment that exceed predetermined thresholds and have a useful life greater than one year are capitalized at cost or at their fair value if donated. Furniture and equipment are depreciated using the straight-line method over estimated useful lives of three to ten years.

i. In-Kind Services

Donated services that create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind, are recognized at fair value. LIFT received in-kind legal services of \$69,554 and \$43,448, during the years ended September 30, 2018 and 2017, respectively, which has been reflected on the financial statements.

Organizational governance and some fundraising duties are performed voluntarily by the Board of Directors. Those services have not been recorded because they do not meet the criteria for recognition as outlined above.

- j. Management 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.
- k. Functional Allocation of Expenses  
The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of LIFT.
- l. Income Tax Status  
LIFT has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.
- m. Accounting for Uncertainty of Income Taxes  
LIFT does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending September 30, 2015 and later are subject to examination by applicable taxing authorities.
- n. Prior Year Comparative Information  
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2017, from which the summarized information was derived.
- o. Subsequent Events  
Management has evaluated for potential recognition and disclosure events subsequent to the date of the balance sheet through January 24, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.
- p. New Accounting Pronouncement  
The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the September 30, 2019 year, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the September 30, 2020 year, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the September 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

Lastly, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the September 30, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

LIFT is in the process of evaluating the impact these standards will have on future financial statements.

### Note 3 - Fixed Assets

Fixed assets consist of the following:

	<u>9/30/18</u>	<u>9/30/17</u>
Equipment	\$128,824	\$128,824
Furniture and fixtures	34,926	34,926
Leasehold improvements	19,910	19,910
Software	<u>6,010</u>	<u>6,010</u>
	189,670	189,670
Less: accumulated depreciation	<u>(186,117)</u>	<u>(181,000)</u>
Total fixed assets, net	<u>\$3,553</u>	<u>\$8,670</u>

### Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	September 30, 2018			<u>Net Assets 9/30/18</u>
	<u>Net Assets 10/1/17</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	
Program restrictions:				
Court Consultations	\$0	\$23,000	(\$23,000)	\$0
Family Legal Connection	0	10,000	(10,000)	0
Facilities	0	10,000	(10,000)	0
Other	<u>0</u>	<u>5,000</u>	<u>(5,000)</u>	<u>0</u>
Total program	0	48,000	(48,000)	0
Time restrictions	<u>30,000</u>	<u>0</u>	<u>(30,000)</u>	<u>0</u>
Total	<u>\$30,000</u>	<u>\$48,000</u>	<u>(\$78,000)</u>	<u>\$0</u>

	September 30, 2017			
	Net Assets <u>10/1/16</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Net Assets <u>9/30/17</u>
Program restrictions:				
Court Consultations	\$7,376	\$23,000	(\$30,376)	\$0
Brooklyn Office	<u>0</u>	<u>18,000</u>	<u>(18,000)</u>	<u>0</u>
Total program	7,376	41,000	(48,376)	0
Time restrictions	<u>40,000</u>	<u>20,000</u>	<u>(30,000)</u>	<u>30,000</u>
Total	<u>\$47,376</u>	<u>\$61,000</u>	<u>(\$78,376)</u>	<u>\$30,000</u>

**Note 5 - Retirement Plan**

LIFT maintains a Safe Harbor 403(b) Thrift Plan where eligible employees can contribute pre-tax or post-tax dollars up to statutory limits. All employees are eligible to participate on the entry date immediately following their date of hire. The employer matches the lesser of 100% of participating employee's salary reduction amount contributed during the plan year or 5% of each participating employee's annual salary.

**Note 6 - Contingencies**

Office Space

LIFT has a lease agreement for office space through May 31, 2023. The future estimated minimum lease payments are as follows:

Year ending:	September 30, 2019	172,990
	September 30, 2020	178,180
	September 30, 2021	183,525
	September 30, 2022	189,031
	September 30, 2023	<u>128,516</u>
Total		<u>\$852,242</u>

Government Grants

Government grants are subject to audit by the grantor and other oversight agencies. Management is of the opinion that any potential disallowances that may result from an audit will not be material and has not set aside a reserve for this. Any future disallowances will be recorded when they become known and the amount is probable that it will be paid.

**Note 7 - Significant Concentrations**

Approximately 43% and 50%, of LIFT's support was derived from contracts issued by the New York City Mayor's Office of Criminal Justice for the years ended September 30, 2018 and 2017, respectively. A significant decrease in funding from this agency could have a material effect on LIFT's ability to carry-out its programs.