

Brooklyn Bar
Association Volunteer
Lawyers Project, Inc

Financial Statements

December 31, 2020 and 2019

mazars

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Brooklyn Bar Association Volunteer Lawyers Project, Inc

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Independent Auditors' Report

To the Board of Directors
Brooklyn Bar Association Volunteer Lawyers Project, Inc

We have audited the accompanying financial statements of the Brooklyn Bar Association Volunteer Lawyers Project, Inc, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities 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 the 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 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 Brooklyn Bar Association Volunteer Lawyers Project, Inc as of December 31, 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 accepted in the United States of America.

Mazars USA LLP

October 7, 2021

Brooklyn Bar Association Volunteer Lawyers Project, Inc

Statements of Financial Position December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 741,548	\$ 598,571
New York State funding receivable	173,066	222,795
Contributions receivable	109,389	21,209
Prepaid expenses	20,160	61,424
Investments, at fair value	1,039,437	991,717
Security deposit	31,412	31,412
Property and equipment, net	176,607	204,680
	<hr/>	<hr/>
Total assets	\$ 2,291,619	\$ 2,131,808
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Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 23,395	\$ 23,018
Refundable advances	5,953	85,000
Deferred rent	36,426	43,323
Note payable	172,905	-
	<hr/>	<hr/>
Total liabilities	238,679	151,341
	<hr/>	<hr/>
Net assets		
Without donor restrictions	2,006,166	1,945,538
With donor restrictions	46,774	34,929
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Total net assets	2,052,940	1,980,467
	<hr/>	<hr/>
Total liabilities and net assets	\$ 2,291,619	\$ 2,131,808
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The accompanying notes are an integral part of these financial statements.

Brooklyn Bar Association Volunteer Lawyers Project, Inc

Statements of Activities

Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Public support:						
New York State funding	\$ 870,151	\$ -	\$ 870,151	\$ 921,330	\$ -	\$ 921,330
Contributions and grants	180,852	8,167	189,019	176,075	-	176,075
Donated services	1,991,592	-	1,991,592	5,164,050	-	5,164,050
Special events, net of direct costs of \$68,343 and \$138,181 respectively	501,641	-	501,641	277,245	-	277,245
Investment income	64,963	4,178	69,141	195,885	5,854	201,739
Other income	5,478	-	5,478	292	-	292
Net assets released from restrictions	500	(500)	-	5,500	(5,500)	-
Total revenue and support	<u>3,615,177</u>	<u>11,845</u>	<u>3,627,022</u>	<u>6,740,377</u>	<u>354</u>	<u>6,740,731</u>
Expenses						
Program	3,197,269	-	3,197,269	6,210,609	-	6,210,609
General and administrative	108,645	-	108,645	151,854	-	151,854
Fund-raising	248,635	-	248,635	219,058	-	219,058
Total expenses	<u>3,554,549</u>	<u>-</u>	<u>3,554,549</u>	<u>6,581,521</u>	<u>-</u>	<u>6,581,521</u>
Change in net assets	60,628	11,845	72,473	158,856	354	159,210
Net assets - beginning of year	<u>1,945,538</u>	<u>34,929</u>	<u>1,980,467</u>	<u>1,786,682</u>	<u>34,575</u>	<u>1,821,257</u>
Net assets - end of year	<u>\$ 2,006,166</u>	<u>\$ 46,774</u>	<u>\$ 2,052,940</u>	<u>\$ 1,945,538</u>	<u>\$ 34,929</u>	<u>\$ 1,980,467</u>

The accompanying notes are an integral part of these financial statements.

Brooklyn Bar Association Volunteer Lawyers Project, Inc

Statements of Cash Flows Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 72,473	\$ 159,210
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Net realized and unrealized (gain) loss on investments	(57,486)	(190,902)
Depreciation	55,972	57,679
Increase (decrease) in cash resulting from changes in operating assets and liabilities:		
Contributions receivable	(88,180)	37,961
New York State funding receivable	49,729	(116,043)
Prepaid expenses	41,264	(4,539)
Accounts payable and accrued expenses	377	(537)
Refundable advances	(79,047)	78,983
Deferred rent	(6,897)	7,875
Net cash (used in) provided by operating activities	<u>(11,795)</u>	<u>29,687</u>
Cash flows from investing activities		
Purchase of marketable securities	(676,278)	(775,103)
Proceeds from sale of marketable securities	686,044	717,807
Purchase of property and equipment	(27,899)	(5,063)
Net cash used in investing activities	<u>(18,133)</u>	<u>(62,359)</u>
Cash flows from financing activities		
Proceeds from notes payable	172,905	-
Net cash provided by financing activities	<u>172,905</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	142,977	(32,672)
Cash and cash equivalents		
Beginning	<u>598,571</u>	<u>631,243</u>
End	<u>\$ 741,548</u>	<u>\$ 598,571</u>

The accompanying notes are an integral part of these financial statements.

Brooklyn Bar Association Volunteer Lawyers Project, Inc

Notes to Financial Statements Years Ended December 31, 2020 and 2019

1. Organization and Nature of Activities

The Brooklyn Bar Association Volunteer Lawyers Project, Inc ("VLP"), was incorporated under the laws of the State of New York. The Internal Revenue Service has determined that VLP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Since its founding in 1990, the VLP has harnessed the powerful pro bono commitment of the private bar to provide critical civil legal services and equal access to the justice system to thousands of Brooklyn residents. The mission of the VLP is to ensure that the legal system is accessible to those who, because of special needs or the overwhelming burdens of poverty, would not otherwise have their rights protected or their voices heard.

The VLP provides direct civil legal services, education and outreach to low-income Brooklyn residents, assisting them to overcome legal challenges to their health and security, including family breakdowns, threatened homelessness, devastating debt, immigration status, and ongoing predatory practices that overwhelmingly target the poor, the elderly, and persons with disabilities. By arming clients with legal information and representation, the VLP levels the playing field and ensures success in court, stabilizing lives – for adults and children – and strengthening the community.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of 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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

VLP considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

VLP maintains cash in multiple bank accounts which, at times, may exceed federally-insured limits. As of December 31, 2020, cash and cash equivalents with one financial institution exceeded Federal Deposit Insurance Corporation limits of \$250,000 per institution. As of December 31, 2020, the total uninsured cash balance was approximately \$429,000. VLP has not experienced any losses in such accounts.

Investments

Investments are reported at their fair values in the statements of financial position, which is the prevailing market value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains and losses are included in the statement of activities.

Fair Value of Financial Instruments

VLP follows the accounting standards for fair value measurement and disclosures for financial assets and liabilities which clarify the definition of fair value, prescribe methods for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and expand disclosure about the use of fair value measurements. The following table presents financial assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

Brooklyn Bar Association Volunteer Lawyers Project, Inc

Level 1 Fair Value Measurements:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Fair Value Measurements:

Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full-term of the financial instrument.

Level 3 Fair Value Measurements:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuations methodologies used for assets measured at fair value:

Common and preferred stocks: Valued at the unadjusted closing price reported on the active market on which the individual securities are trades.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by VLP are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by VLP are deemed to be actively traded.

Property and Equipment

Property and equipment are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets. Renewals and betterments that materially extend the life of the assets are capitalized.

Deferred Rent

Rent expense is being recognized on a straight-line basis over the term of the lease. The difference between rent expense recognized and rental payment, as stipulated in the lease, is reflected as deferred rent in the statements of financial position.

Refundable Advances

VLP receives funding from multiple state assistance programs that supplement its traditional funding sources. These grants specify certain conditions to be met. Accordingly, VLP recognizes these contributions when the conditions are fulfilled. Amounts received prior to the conditions being met are recorded as refundable advances on the accompanying statements of financial position.

Contributions

VLP reports gifts of cash and other assets as with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, with donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from restrictions. However, the receipt of any with donor restriction contributions whose restrictions expire, or are otherwise satisfied within the period of receipt, are reported as without donor restricted revenues in the statement of activities.

Contributions received from members of VLP's Board of Directors amounted to approximately \$76,000 and \$61,000 for the years ended December 31, 2020 and 2019, respectively.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows discounted to fair value using an appropriate interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Brooklyn Bar Association Volunteer Lawyers Project, Inc

Net Assets

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management's discretion.

With Donor Restrictions

Net assets with donor restrictions result from contributions and other inflows of assets subject to donor imposed restrictions that either expire by the passage of time or can be fulfilled and removed by the actions pursuant to the restrictions. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, the net assets are reclassified to the category of net assets without donor restrictions and reported in the statement of activities and change in net assets, as net assets released from restrictions.

At December 31, 2020 and 2019, there were no net assets with Board designations.

In-Kind Contributions

In-kind contributions for services or the use of equipment, materials or facilities at less than fair value are recorded at their fair value in accordance with accounting literature, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by VLP. In-kind contributed goods and materials are recorded at their fair value.

Functional Expenses

Expenses directly attributable to specific functions of VLP are reported as expense of those functional areas. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, maintenance, depreciation, telephone and office expenses, which are allocated on the basis of office space utilization estimates, information technology based on the beneficiaries of such costs, as well as salaries, payroll taxes and employee benefits, which are allocated on the basis of estimates of time and effort.

3. Contributions Receivable

Contributions receivable include unconditional promises to give which are receivable within one year of \$109,389 and \$21,209 at December 31, 2020 and 2019, respectively.

4. Investments

Investments consist of the following at December 31, 2020:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Preferred stocks	\$ 29,206	\$ 29,206	\$ -	\$ -
Common stocks	731,120	731,120	-	-
Corporate bonds	10,395	-	10,395	-
Mutual funds - fixed income	268,716	268,716	-	-
	<u>\$ 1,039,437</u>	<u>\$ 1,029,042</u>	<u>\$ 10,395</u>	<u>\$ -</u>

Brooklyn Bar Association Volunteer Lawyers Project, Inc

Investments consist of the following at December 31, 2019:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Preferred stocks	\$ 45,699	\$ 45,699	\$ -	\$ -
Common stocks	812,439	812,439	-	-
Corporate bonds	10,162	-	10,162	-
Mutual funds - fixed income	123,417	123,417	-	-
	<u>\$ 991,717</u>	<u>\$ 981,555</u>	<u>\$ 10,162</u>	<u>\$ -</u>

As of December 31, 2020 and 2019, no security represents more than 10% of investments. Investment income from these investments for the years ended December 31, 2020 and 2019 is summarized as follows:

	2020	2019
Interest and dividend income	\$ 20,810	\$ 19,010
Net realized gains (losses)	(16,702)	12,650
Net unrealized gains	74,188	178,252
Management fees	(9,155)	(8,173)
Total investment income	<u>\$ 69,141</u>	<u>\$ 201,739</u>

5. Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation, as follows:

	Estimated Useful Life	2020	2019
Office equipment	5 Years	\$ 62,483	\$ 67,774
Computer equipment	5 Years	49,034	47,698
Furniture and fixtures	7-10 Years	131,150	122,960
Leasehold improvement	lease term	133,256	133,256
		<u>375,923</u>	<u>371,688</u>
Less: accumulated depreciation		<u>199,316</u>	<u>167,008</u>
		<u>\$ 176,607</u>	<u>\$ 204,680</u>

Brooklyn Bar Association Volunteer Lawyers Project, Inc

6. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	2020	2019
The Christopher Slattery Fund	\$ 8,582	\$ 7,133
Endowment fund - time restricted in perpetuity	30,025	27,796
Time restricted	8,167	-
	<u>\$ 46,774</u>	<u>\$ 34,929</u>

7. Endowment Fund

Donor restricted endowment fund is the Christopher Slattery Fund, a memorial fund created in memory and honor of Christopher Slattery. Investment income earned in the fund is available for a \$500 annual grant to be awarded to a young attorney who has demonstrated outstanding commitment to provide pro bono representation of the indigent. The principal amount at December 31:

	2020	2019
The Christopher Slattery Fund	<u>\$ 30,025</u>	<u>\$ 27,796</u>

VLP’s endowment consists of a donor-restricted endowment fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

The Board of Directors of VLP has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary.

VLP classifies as net assets with donor restrictions (a time restriction in perpetuity) the principal amount of the gift to the donor restricted endowment. Investment income from the donor restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the VLP in a manner consistent with the donor stipulated purpose within the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, VLP considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of VLP and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of VLP
- (7) Where appropriate and circumstances would otherwise warrant, alternative to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have had on VLP.
- (8) The investment policy of VLP.

Brooklyn Bar Association Volunteer Lawyers Project, Inc

Changes in Endowment Net Assets for the Years Ended December 31, 2020 and 2019:

	2020	2019
Endowment net assets, beginning of year	\$ 34,929	\$ 29,575
Investment return:		
Investment income	1,949	1,155
Net appreciation (realized and unrealized)	2,229	4,699
Total investments return	4,178	5,854
Appropriation of endowment for expenditure	(500)	(500)
Contributions	-	-
Endowment net assets, end of year	\$ 38,607	\$ 34,929

8. Donated Services

VLP receives donated services from unpaid volunteers, which includes lawyers, law students and others. For the years ended December 31, 2020 and 2019, the amount of volunteer hours received was 5,004 and 12,975, respectively. All of the donated services were provided directly to clients of VLP. These donated services did not include any professional services provided directly to VLP for its corporate purposes. Donated legal services were valued at \$398 per hour for 2020 and 2019, respectively, based on the average rates for the NYC metro area detailed in the 2019 Legal Trends reports. Total donated services for the years ended December 31, 2020 and 2019 amounted to \$1,991,592 and \$5,705,840, respectively (see Note 14).

9. Note Payable

On April 20, 2020, VLP secured a loan from TD Bank of approximately \$173,000 through the U.S. Small Business Administration's paycheck protection program. The loan has an interest rate of 1% and matures on April 20, 2022. A portion or all the loan may be forgiven in accordance with the provisions of the paycheck protection program. VLP believes that most or all the loan including interest will be forgiven.

VLP is following the provisions of ASC 405-20-1 which states a debtor shall derecognize a liability if and only if it has been extinguished. A liability has been extinguished if either of the following conditions is met:

- The debtor is legally released from being the primary obligor under the liability, either judicially or by the creditor.
- The debtor pays the creditor and is relieved of its obligation for the liability.

Accordingly, VLP will record forgiveness of debt for amounts forgiven under the paycheck protection program when such amounts are formally forgiven. On July 19, 2021, VLP was notified by the U.S. Small Business Administration that the full loan amount had been forgiven.

Brooklyn Bar Association Volunteer Lawyers Project, Inc

10. Liquidity and Availability

VLP financial assets available within one year of the statement of financial position date for general expenditures is as follows:

December 31,	2020
Cash and cash equivalents	\$ 741,548
New York State funding receivable	173,066
Contributions receivable	109,389
Investments, at fair value	1,039,437
 Total financial assets available within one year	 2,063,440
 Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors in perpetuity	(30,025)
Restricted by donors with purpose/time restrictions	(16,749)
 Total amounts unavailable for general expenditure within one year	 (46,774)
 Total amounts available for general expenditure within one year	 \$ 2,016,666

VLP structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. As part of its liquidity management, VLP operates within a board approved budget and relies on contributions, grants and donated services to fund its operations and program activities.

11. Lease Commitments

VLP leases its office space under a non-cancellable operating lease expiring in 2024. On October 30, 2020, VLP entered into a rent abatement agreement with its landlord to mitigate the effects of the COVID-19 pandemic. Under the terms of the agreement, during the period from November 1, 2020 through April 30, 2021, 50% of the rent for the office space will be abated. Future minimum rental payments under this lease are as follows:

Years Ending	Amount
2021	\$ 152,416
2022	197,916
2023	203,854
2024	192,081
	\$ 746,267

Rent expense for the year ending December 31, 2020 and 2019 was \$172,694 and \$189,131, respectively.

Brooklyn Bar Association Volunteer Lawyers Project, Inc

12. Functional Expenses

Expenses incurred were for the following:

	Year Ended December 31, 2020				Year Ended December 31, 2019			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Payroll and payroll taxes	\$ 775,374	\$ 47,499	\$ 210,081	\$ 1,032,954	\$ 696,472	\$ 54,100	\$ 182,992	\$ 933,564
Employee benefits	87,183	2,355	10,017	99,555	61,598	1,509	5,106	68,213
Legal services (Note 8)	1,991,592	-	-	1,991,592	5,164,050	-	-	5,164,050
Occupancy	169,890	1,075	4,325	175,290	156,849	19,606	19,606	196,061
Event expense	-	-	68,342	68,342	-	-	138,181	138,181
Program expenses	12,382	5	-	12,387	25,640	-	-	25,640
Information technology	18,454	8,294	5,959	32,707	19,086	15,268	3,818	38,172
Depreciation	46,457	1,679	7,836	55,972	49,026	5,768	2,884	57,678
Office expense	54,906	5,884	9,027	69,817	20,202	16,160	4,041	40,403
Professional fees	15,152	39,802	-	54,954	-	34,974	-	34,974
Telephone	11,317	803	675	12,795	9,456	1,112	556	11,124
Recruitment and recognition	1,063	-	-	1,063	2,496	-	-	2,496
Insurance	10,684	267	89	11,040	3,551	627	-	4,178
Donations / sponsorship	250	-	-	250	750	-	-	750
Repairs and maintenance	1,501	712	212	2,425	933	110	55	1,098
Christopher Slattery Award	500	-	-	500	500	-	-	500
Other expenses	564	270	414	1,248	-	2,620	-	2,620
	<u>3,197,269</u>	<u>108,645</u>	<u>316,977</u>	<u>3,622,891</u>	<u>6,210,609</u>	<u>151,854</u>	<u>357,239</u>	<u>6,719,702</u>
Less: direct event expenses	-	-	(68,342)	(68,342)	-	-	(138,181)	(138,181)
Total	<u>\$ 3,197,269</u>	<u>\$ 108,645</u>	<u>\$ 248,635</u>	<u>\$ 3,554,549</u>	<u>\$ 6,210,609</u>	<u>\$ 151,854</u>	<u>\$ 219,058</u>	<u>\$ 6,581,521</u>

Brooklyn Bar Association Volunteer Lawyers Project, Inc

13. Employee Benefit Plan

VLP had maintained a 401(k) Profit Sharing Plan, a defined contribution retirement plan covering all employees. The plan covered all employees of VLP who meet the eligibility requirements of completing two consecutive months of eligibility service beginning on the employee's date of hire. Participation in the Profit-Sharing Plan was not mandatory. VLP matched the participant's contribution up to 3.5% of their compensation for the Plan year, as defined in the Plan. In connection with VLP engaging the services of a professional employer organization, effective January 1, 2020, VLP entered into a new 401(k) Profit Sharing Plan. The plan covers all employees who meet the eligibility requirement of completing three consecutive months of eligibility service beginning on the employee's date of hire. The Plan matches the participant's contribution up to 4% of their compensation for the Plan year, as defined in the Plan. VLP made approximately \$33,000 and \$19,000 in contributions for participating employees in the plans during the years ended December 31, 2020 and 2019, respectively.

14. COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have negatively impacted the timing of revenue and completion of programs. During the year ended December 31, 2020, VLP was limited in their ability to service consumers as courthouses remained closed for much of the year, primarily impacting the amount of donated services contributed to VLP by pro bono lawyers. To mitigate the effects of the pandemic, VLP reduced variable expenses where possible and sought additional funding including a PPP loan as described in Note 9. VLP is monitoring this evolving situation closely and evaluating their potential exposure.

15. Subsequent Events

VLP has evaluated subsequent events through October 7, 2021, the date the financial statements were available for issuance.

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