



The State Bar *of California*

DATE: August 14, 2020

TO: Members, Legal Services Trust Fund Commission

FROM: Eric Isken, Chair, Eligibility and Budget Review Committee
Doan Nguyen, Acting Program Manager, Office of Access & Inclusion
Erica Carroll, Senior Program Analyst, Office of Access & Inclusion

SUBJECT: Recommendations for IOLTA and EAF Grant Eligibility for Grant Year 2021

EXECUTIVE SUMMARY

Interest on Lawyers' Trust Accounts (IOLTA) and Equal Access Fund (EAF) grants are awarded to approximately 100 qualified legal services projects (QLSP) or support centers (SC) each year to support the provision of free civil legal aid in California to indigent persons. These grants must comply with criteria set forth in Business & Professions Code (B&P) sections 6210-6228, State Bar Rules, and Eligibility Guidelines for Legal Services Projects and Support Centers.

This year, the Office of Access & Inclusion (OA&I) received 106 applications for IOLTA and EAF funding for grant year 2021. There are 99 renewal applications and seven new applications for funding. Eighty-four applicants are seeking funding as QLSPs and 22 as SCs. The Eligibility and Budget Review Committee (Committee) recommends that the Legal Services Trust Fund Commission (Commission) find 101 applicants eligible for IOLTA and EAF for grant year 2021 and find five applicants ineligible for IOLTA and EAF funding for grant year 2021.¹ It further recommends finding 19 organizations eligible for a pro bono allocation and two ineligible in 2021.

BACKGROUND

IOLTA and EAF grants are awarded to approximately 100 QLSPs and SCs each year. QLSPs provide free civil legal aid in California to indigent² persons, and SCs provide legal training, technical assistance, and advocacy support to the organizations that directly serve indigent

¹ The Eligibility and Budget Review Committee has expressed interest in adopting this recommendation. However, a formal vote will not occur until the August 14 Committee meeting. Should there be changes, the Committee will provide an oral update to the Commission at its August 14 meeting.

² Per the IOLTA statute, indigent includes a person 1) whose income is not higher than 125 percent of the federal poverty threshold, or 2) eligible for Supplemental Security Income or free services under the Older Americans Act (seniors 60+) or Developmentally Disabled Assistance Act (B&P 6213(d)).

persons. Although IOLTA and EAF grants are separate sources of funding, there is one combined application for both IOLTA and EAF grants.

IOLTA funds are mainly generated from interest accrued on lawyers' trust accounts, while EAF funds are included in the State's annual budget act as part of the judicial branch budget. Business and Profession Code sections 6210-6228 (referred to here as the IOLTA statute), is the primary governing authority that defines how IOLTA funds are generated and distributed. The vast majority of EAF funds are also distributed using the IOLTA formula. IOLTA and EAF grants are both governed by the IOLTA statute, State Bar Rules, and Eligibility Guidelines for LSPs and SCs. Organizations may apply for IOLTA and EAF funding as both a QLSP and SC but will only receive funding for one or the other.³

QLSPs must have a primary purpose to provide free civil legal aid to indigent individuals to be eligible for funding. QLSPs may apply for funding in each county in which they provide these services. IOLTA and EAF grant amounts are based on a QLSP's qualified expenditures (the amount spent on the delivery of free civil legal aid to eligible individuals) from the previous fiscal year in each county for which it is applying for funding. If a QLSP's primary purpose is the delivery of these services through pro bono volunteers, it may apply for an additional pro bono allocation for those counties.

SCs must have a primary purpose to provide support services to QLSPs and the broader legal aid community statewide to be eligible for funding. SCs apply for IOLTA and EAF grants on a statewide basis. The total amount of IOLTA and EAF funds available for distribution to SCs each year is determined by the IOLTA formula and is then split equally amongst all eligible SCs.

Grant Year 2021 Application Process and Next Steps

OA&I received 106 applications for IOLTA and EAF funding for grant year 2021, including 99 renewal applications and seven new applications for funding. Eighty-four applicants seek funding as QLSPs and 22 as SCs. See Attachment A for a list of IOLTA and EAF funding applicants for grant year 2021, with recommendations regarding funding eligibility for each.

IOLTA/EAF funding applications were due on June 15, 2020 at 5 p.m.⁴ The purpose of the IOLTA and EAF application review is to determine if applicants 1) meet primary purpose; 2) have identified appropriate qualified expenditures; and 3) have adequate quality control. Staff completes an initial review of grant applications and presents recommendations to the Committee, which makes recommendations to the full Commission for a final determination.

At its June 26, July 10, July 28, and August 6 meetings, the Committee reviewed and discussed issues raised by staff and made eligibility recommendations. The Committee also requested Eligibility Review Conferences for the following six new applicants: (1) Community Lawyers; (2)

³ An organization submitting two applications must designate its primary application. The secondary application will only be considered if the applicant does not qualify under the primary application. State Bar Rule 3.680(D).

⁴ Due to COVID-19 and the shelter-in-place orders throughout the State, the IOLTA/EAF due date was extended from May 15 to June 15, 2020.

East Bay Family Defenders; (3) Housing Rights Center; (4) Kids in Need of Defense; (5) Social Justice Collaborative; and (6) UnCommon Law.

Once the Commission approves eligibility for 2021 grants, OA&I will run the IOLTA formula and release to programs information on the amount of the award they would receive for 2021 as well as forms they will be required to complete proposing how the allocations will be expended. The information will be released on August 21 and the budget proposals will be due September 21. The Committee will reconvene on October 28 to discuss any substantive issues related to budget proposals. The Commission will meet on November 13 to approve award allocations in light of the analysis of the budget proposals.

DISCUSSION

The IOLTA and EAF application review process consists of several components. Staff reviews IOLTA and EAF applications to ensure they meet eligibility requirements and that applicants accurately report their expenditures in order to calculate grant awards. Threshold issues include whether organizations meet primary purpose (as discussed above) and have submitted acceptable audits or financial reviews to confirm their expenditures in the prior year.

A careful review of the organization's activities and reported expenses helps staff determine if deductions are required from organizations' qualified expenditures (the expenditures upon which their grant awards are based). When concerns arise that an applicant fails to meet threshold requirements, staff works with the Committee to schedule Eligibility Review Conferences with the applicant to discuss its qualifications. This year, six conferences were held. The IOLTA statute also requires SCs not in existence prior to December 31, 1980 to participate in a deeming process every three years, where a majority of QLSPs must agree that the SC is of "special need." Staff administers this process.

Additionally, the IOLTA statute provides for additional funding for QLSPs that apply and qualify for a pro bono allocation in one or more counties where they receive funding. In addition to the total number of applicants recommended as eligible for funding to the Committee and then the Commission, staff also reports out and recommends action to the Committee throughout the application process, as summarized below.

A. Pro Bono Allocation

An additional pro bono allocation is available to grantees whose "principal means" for the delivery of legal services is through pro bono attorneys who provide free legal representation to indigent persons or to qualified legal services projects in California (Business and Professions Code section 6216(b)(1)(B)). There are 21 applicants for the pro bono allocation for grant year 2021, some in multiple counties. (Attachment B.)

The Eligibility Guidelines for Legal Services Projects (Guidelines) set forth the criteria for QLSPs to qualify for pro bono allocations. The Commentary in Guideline 2.6.3.1 requires that applicants meet a threshold test to qualify for the pro bono allocation. The threshold requires

the applicant to have “recruited at least 30 attorneys who provided services in the previous calendar year,” or the applicant to have “recruited at least 5 percent of the licensed attorneys in the county in the previous calendar year,” or that the attorneys recruited “donated at least 1,000 hours of legal services for clients in the previous calendar year.” This year, all applicants met this threshold test.

If an applicant satisfies this threshold requirement, the commentary in Guidelines 2.9.2 sets forth the additional requirement that the applicant utilize private attorneys as its principal means of providing legal services. QLSPs can demonstrate that they meet this requirement in one of three ways:

1. Confirm that the number of service hours provided by volunteer attorneys exceeded the number of service hours worked by staff attorneys in the previous calendar year (Test A);
2. Establish through a formula involving volunteer attorney and paralegal hours compared with staff attorney and paralegal hours that they meet the requirements. The applicant must show: (1) that the attorneys recruited actually provided substantial free civil legal services; (2) that the combined number of hours of service by volunteers, both attorneys and paralegals, exceeds the combined number of hours of service by staff attorneys and paralegals; and (3) that the number of hours of service by volunteer attorneys is more than half as many as the combined number of hours of service by staff attorneys and paralegals (Test B); or
3. Provide a narrative explanation for its method of calculating the delivery of services through volunteer attorneys (Test C).

Applicants that meet Tests A or B do not require Committee review; it is longstanding office practice that only applicants requesting an allocation under Test C are elevated to the Committee and then the Commission.

Eleven applicants applied for the pro bono allocation under Test C,⁵ and the Committee recommends that the Commission find all applicants eligible except for Legal Aid of Marin and Legal Aid Society of San Bernardino (LASSB). Legal Aid of Marin’s explanation under Test C was deemed insufficient, and LASSB’s audit opinion and findings underscored the fact that its volunteer numbers and hours could not be verified. (See Attachment C.)

B. Support Center Deeming

By statute, SCs not providing services in California before December 31, 1980 must be “deemed to be of special need by a majority of the qualified legal services projects.” The Office of Access & Inclusion implements a deeming process for every SC that was not in existence as of that date on a rolling three year basis (Business & Professions Code §6215).

⁵ The ten remaining organizations meet either Test A or B and are deemed eligible for the allocation, pending any other general IOLTA/EAF grant eligibility issues.

This year, the SCs to be deemed are:

- 1) Family Violence Appellate Project
- 2) Impact Fund
- 3) Legal Services for Prisoners with Children
- 4) National Immigration Law Center

At the close of the voting period on August 3, 62 of 77 QLSPs submitted votes, and all four SCs were deemed to be of special need.

C. Parole Services

IOLTA grants are intended to improve access to civil legal services for indigent people, as stated in the preamble to the IOLTA statute.⁶ To be found eligible for IOLTA grants, QLSP applicants must have the primary purpose of providing legal services without charge to indigent persons⁷ and SC applicants must have as their primary purpose the provision of support services to the legal aid community. Furthermore, IOLTA grants may not be used to fund services related to criminal proceedings.⁸

The EAF is authorized annually under the State Budget Act, which has included language since its inception in 1999 requiring that these grants be used for support of legal services in civil matters for indigent persons, and that EAF formula grants be distributed and administered consistent with IOLTA grants.⁹

In reliance on these statutory parameters, the Commission has not typically counted services provided in criminal proceedings when determining whether an applicant has satisfied the primary purpose requirement, or when calculating the amounts to be allocated to eligible organizations. However, the Commission has historically considered parole work to be more akin to administrative hearings and civil litigation, as the work does not challenge an underlying criminal offense.

A new applicant for 2021 funding, UnCommon Law, has as its primary purpose the representation of clients at parole hearings. As a result, staff sought guidance from the State Bar's Office of General Counsel (OGC) regarding the qualifying nature of parole services in order to determine eligibility. OGC's privileged legal analysis has been provided to you separately. After reviewing the legal opinion, the State Bar has determined that parole work should be treated as civil and should be counted as qualifying for purposes of determining eligibility and calculating award allocations.

⁶ Business & Professions Code §§ 6210-6228, at 6210 (all statutory references hereafter will be to this statute).

⁷ Business & Professions Code § 6213(a); *see also* § 6213(d) (definition of indigent person).

⁸ Business & Professions Code § 6223(b).

⁹ State Budget Act, as authorized annually, at § 0250-101-0001, schedule 5 and associated provisions.

D. Eligibility Review Conferences

Staff and Committee members conducted Eligibility Review Conferences (ERCs) for the following six new applicants: (1) Community Lawyers; (2) East Bay Family Defenders; (3) Housing Rights Center; (4) Kids in Need of Defense; (5) Social Justice Collaborative; and (6) UnCommon Law.

Following the ERCs, the Committee recommends that UnCommon Law and Social Justice Collaborative be found eligible for funding, and that Community Lawyers, East Bay Family Defenders, Housing Rights Center, and Kids in Need of Defense be found ineligible for funding. Memoranda regarding the ERCs and Committee recommendations are attached for the Commission's consideration. (Attachment D.)

E. USC Gould School of Law Immigration Clinic (USCGould)

USCGould applied for funding under Business & Professions Code section 6214.5 as a "law school program" that meets the definition of a QLSP. This clinical program has been operating since 2001, and is a previous recipient of State Bar grants, most recently in 2012. Its mission is to teach second- and third-year law students to practice immigration law and to provide free legal representation to vulnerable persons who would otherwise not be represented. Clients include non-citizens who are subject to removal proceedings and in ICE detention facilities; non-detained clients who are under removal proceedings and seeking immigration relief from USCIS; and detained non-citizens on appeals to the US Court of Appeals for the 9th Circuit and on habeas petitions challenging bond denials or bond conditions set by immigration judges. Other focus areas include U visa crime victim applications and VAWA self-petitions for permanent resident status.

All applicants for State Bar grants must provide an independent fiscal audit or financial review as part of its application, to confirm the expenditure figures cited in the application. Law school clinical programs are not separately incorporated, so longstanding office practice requires these organizations to satisfy the audit requirement by providing independently audited or reviewed materials that confirm the expenditures cited in the application, and not just the expenditures of the law school as a whole. USCGould has provided an independent audit of the law school as a whole, and internally-generated schedules regarding the clinical program's activities. (See Attachment E).

The Committee granted USCGould an extension to August 1, 2020 to produce an independently audited confirmation of the law school clinic. Since USCGould was unable to submit the required audit by the deadline, the Committee recommends finding the applicant ineligible for IOLTA and EAF funding in 2021.

F. Submission of Late Audited or Reviewed Financial Statement

Business and Professions Code section 6222 and State Bar Rule 3.680(E)(1) require organizations applying for IOLTA grants to submit "an audited financial statement by an independent certified public accountant for the fiscal year that concluded during the prior

calendar year” as part of a “timely and complete” application. Organizations with gross expenditures of less than \$500,000 may submit a financial review in lieu of an audit (State Bar Rule 3.80(E)(1)). This is necessary to confirm the organization’s qualified expenditures for the purposes of determining eligibility and ultimately the amount of any grant award. According to the Schedule of Charges and Deadlines, the audit or financial review is due “no later than May 1.”

Staff has discretion to grant an extension up to the application deadline, and the Commission has the authority to grant an extension to submit the audited or reviewed financial statement past the application deadline upon a showing of extraordinary circumstances.¹⁰ However, the audit or financial review must be submitted before staff calculates grant allocations.

Given the scale of the public health crisis in recent months, the Committee granted extension requests to 17 applicants to submit their financial audits or reviews by August 1, 2020. Two programs¹¹ were unable to comply with that deadline and requested further extension:

(1) Neighborhood Legal Services, which reported numbers based on its draft audit and offered August 31 as its anticipated date of submission of the final audit; and

(2) Family Legal Assistance at CHOC Children’s, which was eligible to submit a financial review due to expenditures under \$500,000 but had not submitted a draft by the time of the Committee meeting and could not specify a date upon which the review would be ready.

The Committee passed the following motions at its August 6 meeting:

1. Upon a showing of extraordinary circumstances, Neighborhood Legal Services is granted an extension until August 31, 2020 to submit its final 2019 audit. Approval of IOLTA and EAF eligibility for grant year 2021 is pending confirmation and review of the final audit. If the audit reveals lower qualified expenditures for 2019 than what was reported in the 2021 IOLTA and EAF application, grant allocations will be lowered. If the audit reveals higher qualified expenditures for 2019, grant allocations will not be modified.
2. Upon a showing of extraordinary circumstances, Family Legal Assistance at CHOC Children’s is granted an extension until August 31, 2020 to submit its final 2019 financial review. Approval of IOLTA and EAF eligibility for grant year 2021 is pending confirmation and review of the final financial review. If the review reveals lower qualified expenditures for 2019 than what was reported in the 2021 IOLTA and EAF application, grant allocations will be lowered. If the review reveals higher qualified expenditures for 2019, grant allocations will not be modified. If CHOC is unable to submit a final financial review by this date, the Committee recommends that the Commission find CHOC ineligible for 2021 IOLTA/EAF funding.

¹⁰ As with late applications, by action of the Commission, the Committee has been delegated the authority to make the determination related to late audited or reviewed financial statements.

¹¹ Kids in Need of Defense (KIND) also requested further extension. However, given the recommendation to find this organization ineligible in 2021, the Committee did not take action on the audit extension request for KIND.

ELIGIBLE APPLICANTS FOR IOLTA AND EAF FUNDS FOR GRANT YEAR 2021

After review of all the grant applications, the Committee recommends to the Commission the 101 applicants listed in Attachment A as eligible for IOLTA and EAF funding for grant year 2021.

RECOMMENDATIONS

It is recommended that the Legal Services Trust Fund Commission approve the following resolutions:

RESOLVED, that the Legal Services Trust Fund Commission finds 18 organizations eligible for a pro bono allocation and three organizations ineligible in 2021 (see Attachment B); and it is

FURTHER RESOLVED, that the Legal Services Trust Fund Commission finds the following five programs **ineligible** for IOLTA and EAF funding for grant year 2021: (1) Community Lawyers, Inc.; (2) East Bay Family Defenders; (3) Housing Rights Center; (4) Kids in Need of Defense; (5) USC Gould School of Law Immigration Clinic; and it is

FURTHER RESOLVED, that the Legal Services Trust Fund Commission finds that the remaining 101 applicants, listed in Attachment A, **eligible** for IOLTA and EAF funding for grant year 2021.

ATTACHMENTS LIST

- A.** List of Applicants Recommended as Eligible or Ineligible for IOLTA and EAF Funding for Grant Year 2021
- B.** List of Applicants Recommended as Eligible or Ineligible for a Pro Bono Allocation for Grant Year 2021
- C.** Legal Aid Society of San Bernardino Audit Opinion Letter and Findings Related to Volunteer Hours, and Legal Aid of Marin Pro Bono Allocation Application
- D.** Eligibility Review Conference Memoranda for the following six new applicants:
 - 1) Community Lawyers
 - 2) East Bay Family Defenders
 - 3) Housing Rights Center
 - 4) Kids in Need of Defense
 - 5) Social Justice Collaborative
 - 6) UnCommon Law
- E.** USC Gould School of Law Immigration Clinic's Submitted Materials to Satisfy the Audit Requirement

2021 IOLTA & EAF Applicants				
#	Legal Services Projects	Recommendation	Note	Applying for Pro Bono
1	Community Lawyers Inc.	Ineligible	NEW	Yes
2	East Bay Family Defenders	Ineligible	NEW	
3	Housing Rights Center	Ineligible	NEW	
4	Kids in Need of Defense	Ineligible	NEW	
5	Social Justice Collaborative	Eligible	NEW	
6	UnCommon Law	Eligible	NEW	
7	USC Gould School of Law Immigration Clinic	Ineligible	NEW	
8	Advancing Justice - Asian Law Caucus	Eligible		
9	Affordable Housing Advocates	Eligible		
10	Aids Legal Referral Panel	Eligible		
11	Alameda County Homeless Action Center	Eligible		
12	Alliance for Children's Rights	Eligible		Yes
13	Asian Americans Advancing Justice- - Los Angeles	Eligible		
14	Asian Pacific Islander Legal Outreach	Eligible		
15	Bay Area Legal Aid	Eligible		
16	Bet Tzedek Legal Services	Eligible		Yes
17	California Indian Legal Services	Eligible		
18	California Rural Legal Assistance, Inc.	Eligible		
19	Casa Cornelia Law Center	Eligible		Yes
20	Central California Legal Services	Eligible		
21	Centro Legal de la Raza	Eligible		
22	Chapman University Family Protection Clinic	Eligible		
23	Community Legal Aid SoCal	Eligible		
24	Community Legal Services in East Palo Alto	Eligible		Yes
25	Contra Costa Senior Legal Services	Eligible		
26	Dependency Advocacy Center	Eligible		
27	Disability Rights California	Eligible		
28	Disability Rights Legal Center	Eligible		Yes
29	East Bay Community Law Center	Eligible		
30	Elder Law & Advocacy	Eligible		
31	Eviction Defense Collaborative	Eligible		
32	Family Legal Assistance at CHOC Children's	Eligible	Pending receipt of final financial review. Granted extension until August 31.	
33	Family Violence Law Center	Eligible		
34	Greater Bakersfield Legal Assistance	Eligible		
35	Harriett Buhai Center for Family Law	Eligible		Yes
36	HEART L.A.	Eligible		
37	Housing and Economic Rights Advocates	Eligible		
38	Inland Counties Legal Services	Eligible		
39	Inland Empire Latino Lawyers Association, Inc.	Eligible		Yes
40	Inner City Law Center	Eligible		
41	Justice & Diversity Center of the Bar Association of San Francisco	Eligible		Yes
42	La Raza Centro Legal	Eligible		
43	LACBA Counsel for Justice	Eligible		Yes
44	Law Foundation of Silicon Valley	Eligible		
45	Lawyers' Committee for Civil Rights	Eligible		Yes
46	Learning Rights Law Center	Eligible		
47	Legal Access Alameda	Eligible		Yes
48	Legal Aid at Work	Eligible		
49	Legal Aid Foundation of Los Angeles	Eligible		
50	Legal Aid Foundation of Santa Barbara County	Eligible		
51	Legal Aid of Marin	Eligible		Yes

52	Legal Aid of Sonoma County	Eligible		Yes
53	Legal Aid Society of San Bernardino	Eligible		Yes
54	Legal Aid Society of San Diego	Eligible		
55	Legal Aid Society of San Mateo County	Eligible		
56	Legal Assistance for Seniors	Eligible		
57	Legal Assistance to the Elderly	Eligible		
58	Legal Services for Children	Eligible		
59	Legal Services for Seniors	Eligible		
60	Legal Services of Northern California	Eligible		
61	Los Angeles Center for Law and Justice	Eligible		
62	McGeorge Community Legal Services	Eligible		
63	Mental Health Advocacy Services	Eligible		
64	Neighborhood Legal Services	Eligible	Pending receipt of final audit. Granted extension until August 31.	
65	Prison Law Office	Eligible		
66	Public Advocates Inc.	Eligible		
67	Public Counsel	Eligible		Yes
68	Public Law Center	Eligible		Yes
69	Riverside Legal Aid	Eligible		Yes
70	San Diego Volunteer Lawyer Program	Eligible		Yes
71	San Joaquin College of Law	Eligible		
72	San Luis Obispo Legal Assistance Foundation	Eligible		
73	Santa Clara County Asian Law Alliance	Eligible		
74	Santa Clara University Alexander Law Center	Eligible		
75	Senior Adults Legal Assistance	Eligible		
76	Senior Advocacy Network	Eligible		
77	Senior Citizens Legal Services	Eligible		
78	UC Davis School of Law Legal Clinics	Eligible		
79	USD School of Law Legal Clinics	Eligible		
80	Veterans Legal Institute	Eligible		Yes
81	Voluntary Legal Services Program of Northern California	Eligible		Yes
82	Wage Justice Center	Eligible		
83	Watsonville Law Center	Eligible		
84	Yuba-Sutter Legal Center for Seniors	Eligible		

#	Support Centers	Recommendation	Note
85	California Advocates for Nursing Home Reform	Eligible	
86	California Rural Legal Assistance Foundation	Eligible	
87	California Women's Law Center	Eligible	
88	Center for Gender and Refugee Studies - California	Eligible	
89	Center for Human Rights and Constitutional Law	Eligible	
90	Child Care Law Center	Eligible	
91	Coalition of California Welfare Rights Organizations	Eligible	
92	Disability Rights Education and Defense Fund	Eligible	
93	Family Violence Appellate Project	Eligible	Deemed
94	Immigrant Legal Resource Center	Eligible	
95	Impact Fund	Eligible	Deemed
96	Justice in Aging	Eligible	
97	Legal Services for Prisoners with Children	Eligible	Deemed
98	National Center for Youth Law	Eligible	
99	National Health Law Program	Eligible	
100	National Housing Law Project	Eligible	
101	National Immigration Law Center	Eligible	Deemed
102	OneJustice	Eligible	
103	Public Interest Law Project	Eligible	
104	Western Center on Law and Poverty	Eligible	
105	Worksafe, Inc.	Eligible	
106	Youth Law Center	Eligible	

2021 IOLTA/EAF Applicants for Pro Bono Allocation as of August 7, 2020				
#	Program Name	Pro Bono Eligible	County	Test
1	Alliance for Children's Rights	Yes	Los Angeles	A and B
2	Bet Tzedek Legal Services	Yes	Los Angeles	C
3	Casa Cornelia Law Center	Yes	San Diego	C
4	Community Lawyers Inc.	No - recommended ineligible for 2021 IOLTA/EAF funding	Los Angeles	A and B
5	Community Legal Services in East Palo Alto	Yes	San Mateo	A and B
6	Community Legal Services in East Palo Alto	Yes	Santa Clara	A and B
7	Disability Rights Legal Center	Yes	Los Angeles	B
8	Harriett Buhai Center for Family Law	Yes	Los Angeles	C
9	Inland Empire Latino Lawyers Association, Inc.	Yes	Riverside	C
10	Inland Empire Latino Lawyers Association, Inc.	Yes	San Bernardino	C
11	Justice & Diversity Center of the Bar Association of San Francisco	Yes	San Francisco	B
12	LACBA Counsel for Justice	Yes	Los Angeles	C
13	Lawyers' Committee for Civil Rights	Yes	Alameda	A and B
14	Lawyers' Committee for Civil Rights	Yes	Contra Costa	A and B
15	Lawyers' Committee for Civil Rights	Yes	Kern	A and B
16	Lawyers' Committee for Civil Rights	Yes	Marin	A and B
17	Lawyers' Committee for Civil Rights	Yes	San Francisco	A and B
18	Lawyers' Committee for Civil Rights	Yes	San Mateo	C
19	Lawyers' Committee for Civil Rights	Yes	Santa Clara	A and B
20	Lawyers' Committee for Civil Rights	Yes	Yuba	A and B
21	Legal Access Alameda	Yes	Alameda	A
22	Legal Aid of Marin	No	Marin	C
23	Legal Aid of Sonoma County	Yes	Sonoma	C
24	Legal Aid Society of San Bernardino	No	San Bernardino	C
25	Public Counsel	Yes	Los Angeles	A and B
26	Public Law Center	Yes	Orange	C
27	Riverside Legal Aid	Yes	Riverside	A
28	San Diego Volunteer Lawyer Program	Yes	San Diego	B
29	Veterans Legal Institute	Yes	Los Angeles	C
30	Veterans Legal Institute	Yes	Orange	C
31	Voluntary Legal Services Program of Northern California	Yes	Sacramento	A and B



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Legal Aid Society of San Bernardino, Inc.
San Bernardino, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Legal Aid Society of San Bernardino, Inc. (a nonprofit organization), which consist of the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As described in Note 7 to the financial statements, Legal Aid Society of San Bernardino, Inc. records non-cash contributions of volunteer attorney hours as contributed legal service revenue and legal consultant expense in the statement of activities. Legal Aid Society of San Bernardino, Inc. has recorded \$320,700 of revenue and expense related to these contributions. We were unable to obtain sufficient audit evidence for the year ended December 31, 2019 because the underlying documentation and records of the hours was not properly maintained by management. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Legal Aid Society of San Bernardino, Inc. as of December 31, 2019, 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.

Emphasis of Matter

As discussed in Note 2B to the financial statements, in 2019, Legal Aid Society of San Bernardino, Inc. adopted new accounting guidance for contributions received. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of Legal Aid Society of San Bernardino, Inc. for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those financial statements dated March 13, 2019.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Private Attorney Involvement Revenue and Expense Statement on Page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2020 on our consideration of Legal Aid Society of San Bernardino, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Legal Aid Society of San Bernardino, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Legal Aid Society of San Bernardino, Inc.'s internal control over financial reporting and compliance.

Eddie and Payne HP

Riverside, California
July 17, 2020

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Legal Aid Society of San Bernardino, Inc.
San Bernardino, CA

We have audited, in accordance with auditing standards generally accepted in the United States of America, with standards applicable to financial audits contained in *Government Auditing Standards* issued by the U.S. Comptroller General of the United States, the financial statements of Legal Aid Society of San Bernardino, Inc. (Society), which are comprised of the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to financial statements, and we have issued our report thereon dated July 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-006 to 2019-008 to be material weaknesses.



EADIE + PAYNE

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2019-005 and 2019-009 to 2019-010 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 to 2019-002 and 2019-011 to 2019-012.

Legal Aid Society of San Bernardino Inc.'s Response to Findings

The Society's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Society's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Society's internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eddie and Payne HP

Riverside, California
July 17, 2020

LEGAL AID SOCIETY OF SAN BERNARDINO COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Planned Implementation Date: December 31, 2020

Responsible Person: Deborah Davis, Interim Executive Director

2019-008 - Tracking of Contributed Hours (MW)

Criteria: The Society tracks contributed hours from private attorneys to meet compliance requirements and to report the value of donated services.

Condition: Contributed hours were not accurately tracked during the year.

Cause: The database used to record contributed hours was not reliable and did not provide an accurate reporting of hours.

Effect or Potential Effect: Potential material misstatement of contributed hours revenue and expense. This resulted in the Society losing funding from ICLS and put the funding from the State Bar Association at risk.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend the Society implement a reconciliation process for contributed hours, and regularly verify the database record.

Management Response and Corrective Action Plan

Society's Response: The Society concurs with the recommendation.

Corrective Action Plan: The Society has updated its internal control policies and procedures for the 2020 year. Additionally, they have engaged an accounting firm to review the updated procedures and give further recommendations.

Planned Implementation Date: December 31, 2020

Responsible Person: Deborah Davis, Interim Executive Director

2019-009 - Tracking of Cash Donations (SD)

Criteria: Accurate tracking of cash donations at the Society's clinic locations is essential in safeguarding the Society's assets.

Condition: The Society did not accurately track cash donations during the year.

Cause: Lack of adequate policies and procedures to ensure effective tracking of cash donations.

Effect or Potential Effect: Potential misstatement of cash and revenue.

Repeat of a Prior-Year Finding: No

Recommendation: We recommend the Society evaluate the controls in place over cash receipts, and develop new procedures to verify accurate tracking of cash donations.



To qualify for the pro bono allocation in the county(ies) in which the organization provides services, the organization must meet both these requirements (1) coordinate the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified organizations as its principal means of delivering legal services; and (2) demonstrate that its principal means of delivering legal services is "the recruitment of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California" through one of the three tests described in Eligibility Guideline 2.6.3. and 2.9.

1. Are you applying for a pro bono allocation per the qualifications listed?

If yes, the organization should annually recruit at least 30 attorneys, OR recruit at least five percent of the licensed attorneys in the county served, OR receive at least 1,000 hours of donated legal services from volunteer attorneys.

Yes

Pro-Bono Eligibility

The following table will assist in determining eligibility for the additional pro bono allocation per Eligibility Guideline 2.9.

Enter information for each county in which the organization relies on volunteers as its principal means of delivering legal services. Based on 2019, complete the table for the number of people and legal services hours for all paid and volunteer positions.

If the appropriate counties are not appearing, update Form II, County(ies) for Funding, and click "Save & Finish Later."



Marin

In this county, does the organization annually recruit at least 30 attorneys, OR recruit at least five percent of the licensed attorneys in the county served, OR receive at least 1,000 hours of donated legal services from volunteer attorneys in this county?

Yes

	# of People Paid	# of Hours Paid	# of People Volunteer	# of Hours Volunteer
POSITIONS				
Attorneys	6	10,404	105	804
Paralegals	3	6,120	9	328
Law Students	0	0	3	714
TOTAL	9	16,524	117	1,846

Eligibility Results for Marin county

Test A	NO
Test B	NO
Test C	

Explain why you believe the organization's principal means of delivering legal services is "the coordination of the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California."

Legal Aid of Marin dedicates approximately 1.2 FTE staff toward volunteer engagement, including recruiting volunteer attorneys to staff legal clinics, including approximately 10 Community Court sessions, 24 Mandatory Settlement Conference clinics, and 40 senior legal clinics. Through these legal clinics, 357 closed cases were served (not including those served at Mandatory Settlement Conference clinics) - fully 43% of 2019 closed cases. Moreover, volunteer legal assistants help with housing intakes on a regular and consistent basis - not reflected in these case numbers. Volunteers are core to how our small program delivers legal services, including recruiting over 100 attorneys in private practice to provide free representation. Correspondingly, in 2019, pro bono volunteers donated \$553,807 in legal services, or 43% of the \$1.3 million expended in program services. In addition to pro bono placement and clinics, Legal Aid of Marin uses a wide range of traditional legal service delivery modes, including community outreach and education, advice, brief service, and representation. Among all the modes of delivering legal services, pro bono services predominate. Indeed, pro bono engagement is embedded into nearly all aspects of legal service delivery. When staff efforts supporting the pro bono program are taken into account, an additional approximately 2448 staff hours are dedicated to the coordination of the recruitment of substantial numbers of attorneys in private practice. Their efforts comprise approximately \$110,930 additional expenditure. When combined with \$553,807 in donated pro bono services, this amounts to \$644,737 or 51% of program expenditures.



The State Bar *of California*

DATE: August 6, 2020

TO: LSTFC Eligibility and Budget Review Committee

FROM: Eric Isken, Zahirah Mann, and Bob Planthold, Eligibility Review Conference Working Group

SUBJECT: Community Lawyers Inc.: Eligibility Review Conference for 2021 IOLTA and EAF Funding

EXECUTIVE SUMMARY

Community Lawyers Inc. (CLI) is a new applicant for funding as a Qualified Legal Services Project (QLSP). The organization began operation and was incorporated in California in 2005. They provide limited services, self-help support, and community legal education and information through pro bono volunteers in family law, housing, bankruptcy, consumer, immigration, and expungement.

This working group held an Eligibility Review Conference (ERC) with CLI on August 4. In attendance from CLI was Rosa Hirji, Board Chair; Karen Suri, Board member; Haydee Perez, Program Coordinator; and Sarah Wilde, Grant Writer. The Eligibility and Budget Review Committee's working group included Eric Isken, Zahirah Mann, and Bob Planthold, as well as staff members Erica Carroll, Brady Dewar, Christine Holmes, and Doan Nguyen.

The issues addressed at the ERC included:

- Whether CLI submitted a complete application including the required financial statements reviewed by an independent certified public accountant;
- Whether CLI's primary purpose and function is the provision of legal services to indigent persons without charge; and
- Whether CLI has an appropriate methodology for calculating its qualified expenditures and whether that methodology has been correctly applied in this application.

During the ERC, CLI was informed by the working group that its application was deemed incomplete because it failed to submit a financial review conducted by an independent certified public accountant by the August 1 deadline. Therefore, the Committee recommends that CLI be found ineligible for 2021 IOLTA and EAF funding.

The Committee also identified several eligibility and quality control issues that CLI should address should it decide to reapply for IOLTA and EAF funding in future grant years, and that the Committee should consider in the event that CLI reapplies.

BACKGROUND

Organizational Description

CLI is a new applicant for eligibility as a QLSP. CLI describes its work as providing “low-income people access to affordable legal services and develop[ing] innovative opportunities for attorneys and law students in underserved communities.” CLI uses a pro bono model to annually assist “more than 2,000 individuals and nonprofit organizations and address [] systemic poverty and civil rights issues through education and legal self-help.”

CLI staff consists of two positions, a part-time Executive Director (ED) and a full-time Legal Services Director. The application states that CLI is recruiting for a permanent part-time ED; CLI later confirmed to staff that the ED position is now vacant.¹

CLI delivers services primarily through volunteers; for 2019, it reported 2,250 hours of services volunteered by 30 attorneys and 1,375 hours of service volunteered by five paralegal and ten law students.

CLI is headquartered in Compton and seeks a pro bono allocation in Los Angeles County. It has reported total corporate expenditures of \$166,709 and qualified expenditures of \$141,709.²

Governing Authorities

- Business & Professions Code sections 6210 (Preamble to IOLTA Statutes), 6213(a)(1) (“primary purpose”), 6213(d) (definition of indigent person), 6214(b) (eligibility criteria for legal services projects), 6216(b)(1)(A) (allocation calculation methodology), and 6218(a) (requiring grants to be used for legal services)
- State Bar Rules 3.671(A) and (C) (primary purpose), 3.672(A) (legal services), and 3.680(E)(1) (audit or financial review requirement)
- Legal Services Trust Fund Program Guidelines – Legal Services Projects (Guidelines) 1.4 (complete application) 2.3.1 (civil legal services), 2.3.2 (without charge), 2.3.4 (indigent), 2.3.5 (primary purpose), and 2.7.1(audit or financial review requirement)

¹ A job posting for the role of Executive Director is available on CLI’s website <http://www.community-lawyers.org/job-opportunities>. CLI’s application indicated it was seeking a full-time E.D. The posting lists a part-time role.

² This amount does not include \$10,000 CLI deducted for development consultant services from qualified expenditures. Staff informed CLI that it did not need to deduct this expense, but CLI has not yet revised the application.

- American Bar Association’s Standards for the Provision of Civil Legal Aid 1.2-4 (Governing Body Members’ Conflict of Interest) and 2.7 (Use of Pro Bono Volunteers)

DISCUSSION

IOLTA grants are intended to improve access to civil legal services for indigent people, as stated in the preamble to the IOLTA statute³. IOLTA and EAF formula grants must be used to provide civil legal services. To be found eligible for these grants, CLI must have the primary purpose and function of providing civil legal services without charge to indigent persons.⁴ It must also have a complete and accurate application, including financial statements reviewed by an independent certified public accountant (CPA) that will allow staff to determine if it meets threshold requirements as a legal services project and to calculate the correct allocation amount by county, if CLI is found eligible.

A. Financial Statements Audited or Reviewed by an Independent Certified Public Accountant

State Bar Rule 3.680(E)(1) requires organizations applying for IOLTA grants to submit “an audited financial statement by an independent certified public accountant for the fiscal year that concluded during the prior calendar year” as part of a “timely and complete” application.⁵ Since CLI had gross expenditures below \$500,000, it was permitted to submit a financial review in lieu of an audit (State Bar Rule 3.680(E)(1)). Guideline 2.7.1 and the commentary thereto require that such financial review be performed by an independent CPA. Due to the unprecedented situation of COVID-19, applicants were instructed that applications would be accepted without a final audit or financial review⁶ but that an extension request must be submitted with the application. Applicants were also notified in the application that eligibility cannot be determined until the State Bar receives the final audit or financial review.

As discussed at the June 26 Eligibility and Budget Review Committee meeting, CLI submitted a document entitled, “Financial Review for 2019 & 2020,” that did not appear to be a financial review conducted by an independent CPA. CLI submitted a formal extension request to submit a financial review conducted by an independent CPA. The Committee granted an extension until August 1, 2020⁷. A document titled, “Profit and Loss January – December 2019,” was uploaded on August 1. CLI confirmed during the ERC that it was unable to obtain a financial

³ Bus. & Prof. Code § 6210

⁴ Bus. & Prof. Code § 6213(a)(1); Guidelines 2.3.1 – 2.3.5; *see also* Bus. & Prof. Code § 6213(d) (definition of indigent person).

⁵ *See also* Bus. & Prof. Code § 6222 (“A recipient of funds allocated pursuant to this article annually shall submit a financial statement to the State Bar, including an audit of the funds by a certified public accountant or a fiscal review approved by the State Bar....”)

⁶ State Bar Rule 3.680(E)(1) and the related Schedule of Charges and Deadlines states that the “[t]hreshold amount of gross corporate expenditures requiring submission of an audited financial statement” is \$500,000. Organizations with gross corporate expenditures of less than \$500,000 submit a reviewed financial statement.

⁷ CLI requested an extension to July 15, 2020; however, the Committee approved all extension requests with a final deadline of August 1, 2020.

review by an Independent CPA. The document submitted was an internally produced financial statement.

CLI was aware of the financial review requirement prior to applying this year. CLI was a first-time applicant for the 2020 grant cycle and was found ineligible for failing to submit a financial review that was conducted by an independent CPA.

Without a financial review conducted by an independent CPA, CLI's 2021 IOLTA and EAF application is incomplete. Therefore, staff and the working group were unable to verify any reported expenditures.

While its failure to submit the required financial review alone compels finding CLI ineligible, the working group felt that it was important to document other issues that may have impacted CLI's eligibility even if it had provided the required review. Sections B and C, below, address those issues. CLI should consider these issues in the event it reapplies for IOLTA and EAF funding in the future. CLI should also consider that, should it reapply, it will need to meet all eligibility requirements; the issues discussed in Sections B and C are not necessarily inclusive of all outstanding eligibility issues.

B. Primary Purpose

To be considered a QLSP, CLI must provide "as its primary purpose and function legal services without charge to indigent persons."⁸ To determine primary purpose, the IOLTA and EAF application instructs the applicant to separate out its expenditures devoted to providing such free civil legal services to indigent persons in the prior fiscal year; these are called "qualified expenditures," and that amount is then calculated as a percentage of the organization's total corporate expenditures.⁹

If the applicant organization's qualified expenditures constitute 75 percent or more of its corporate expenditures, the organization is presumed to meet the primary purpose requirement.¹⁰ If qualified expenditures are less than 75 percent of corporate expenditures, an applicant must provide a narrative response to be reviewed by the Eligibility and Budget Review Committee.¹¹ Historically, the Committee has found that organizations with qualified expenditures constituting between 50 and 75 percent of total expenditures meet the primary purpose requirement.

A number of issues impact what an organization may or may not count as a qualified expenditures for purposes of IOLTA/EAF eligibility. This includes whether the services are fee-generating, to non-indigent persons, and/or do not qualify as "civil legal services." Applicants are not prohibited from charging for services, serving non-indigent persons, or providing

⁸ Bus. & Prof. Code § 6213(a)(1).

⁹ The organization's grant award is also calculated based on the amount of qualified expenditures, not the total corporate expenditures.

¹⁰ State Bar Rule 3.671(A).

¹¹ State Bar Rule 3.671(C).

services other than legal civil services, but they must make appropriate deductions to ensure that only qualified expenditures count in the determination of eligibility and calculation of their grant allocations.

1. Deducting Services Provided to Non-Indigent Persons

The IOLTA/EAF application asks several questions to prompt applicants to make appropriate deductions from their qualified expenditures. This includes whether civil legal services were provided to non-indigent persons. CLI did not make deductions for this category.

CLI reports in its application that all client's households are "currently receiving means-tested benefits for which the individuals' income/resources have determined eligibility and/or the benefit amount for programs such as MediCal, CalWorks, Earned Income Tax Credits, TANF, and/or U.S. Citizenship and Immigration Services Immigration Fee Waivers."¹² Means-tested benefits are not a substitution for the definition of indigency in the IOLTA statute, which is a "person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free services under the Older Americans Act or Developmentally Disabled Assistance Act." Some means-tested benefits are available for individuals whose income is above 125 percent of the federal poverty level or do not otherwise qualify under the statutory definition of indigency.¹³

During the ERC, CLI was asked how it verified its clients met the IOLTA definition of indigency. CLI discussed that it conducts income screening through intake forms that are completed and archived for all clients, but it had not reviewed every form to verify indigency before completing the application. CLI further explained it did not have a system in place to determine how many clients were non-indigent. CLI indicated that at this point, it would take a substantial amount of time to review all intake forms and make any necessary deductions.

During the ERC, CLI also advised that it did not collect any income information at its "Know Your Rights"-type community trainings. CLI was advised that while it need not collect income information from all attendees at such events, it needs to obtain some data to allow it to substantiate what portion of attendees at these events do not meet the definition of indigency. Performing screening at a representative sample of such events was suggested as one possible method.

2. Deducting Expenses for Services for Which Clients are Charged

As noted above, the IOLTA and EAF application prompts applicants to make appropriate deductions from their qualified expenditures. Another deduction involves charging for services.

¹² The quoted sentence seems incomplete but verbatim from the application.

¹³ Poverty Guidelines for Immigration Fee Waivers are 150 percent of Health and Human Services Poverty Guidelines. <https://www.uscis.gov/i-912p> Medi-Cal are 138 percent of the poverty level. <https://www.dhcs.ca.gov/services/medi-cal/Pages/DoYouQualifyForMedi-Cal.aspx>

Applicants that charge clients in excess of certain specified costs¹⁴ must deduct the expenses related to that work and must provide a reasonable methodology for calculating that expense. CLI did not make deductions for this category.

During the ERC, CLI stated clients are asked to make donations for services. The amount of the suggested donation depended on the service. The examples included \$30 and \$100 donations. These “suggested donations” likely constitute a charge for services. While applicants are not prohibited from charging for services, they must make appropriate deductions for expenditures related to work for paying clients to ensure that only qualified expenditures count in the determination of primary purpose and calculation of their grant allocations.

C. Quality Control Standards

Quality control issues do not necessarily impact eligibility; however, the Office of Access & Inclusion conducts monitoring visits of grantees to determine compliance with the requirements of the applicable governing authorities which includes the American Bar Association’s Standards for the Provision of Civil Legal Aid (ABA Standards) as quality control guidelines¹⁵.

CLI informed staff three business days prior to the eligibility review conference that the interim part-time executive director recently separated from the organization for personal reasons. The organization was in the process of recruiting a permanent executive director and now the role is vacant. As mentioned above, when fully staffed, CLI has only 1.5 full time employees and its only full-time staff member is the program coordinator who is not an attorney. CLI delivers legal services through pro bono volunteers. CLI stated the Board is currently supervising the program coordinator and overseeing the legal services provided while they recruit a permanent executive director.

Pursuant to ABA Standard 2.7, an organization with a pro bono component should have “sufficient staff to recruit members of the bar, to assign cases properly, to follow-up on referrals and to provide appropriate support.” During major staff transitions, CLI should plan accordingly to ensure that competent legal services continue to be provided.

During the ERC, CLI stated board members also volunteer to run limited scope clinics through CLI and will occasionally take on a client from the clinic in their own capacity outside of the organization. The working group is concerned that this may create a conflict of interest. CLI responded that it has a conflict of interest policy. CLI should consider ensuring its policy makes clear “that a governing body member with a conflicting interest also has an obligation to avoid

¹⁴ Guidelines 2.3.2 (“Costs and expenses” include any out-of-pocket expenses incurred by the organization (or by pro bono attorneys recruited by the organization), including recoverable costs of litigation, copying charges, telephone charges, postage charges, and other out-of-pocket expenses normally charged to clients by attorneys in private practice. An applicant may be considered as providing legal services without charge within the meaning of Guideline 2.3.2 in spite of charges to clients for such items. [Rule 3.673(B)].”)

¹⁵ Bus. & Prof. Code §6225 and State Bar Rule 3.661(C)

influencing the operation of the provider by any indirect means, such as in decisions regarding priorities, allocation of resources or provider structure.”¹⁶

D. Working Group Recommendation

This working group recommends that CLI be found ineligible under State Bar Rule 3.680 and Eligibility Guideline 1.4 of the Eligibility Guidelines for Legal Services Projects, for failing to submit a timely and complete application including a financial review conducted by an independent CPA.

The working group did not request additional information from CLI or grant an extension to submit its financial review beyond August 1. The working group also advised CLI to work with staff before and during the application process in the future to ensure compliance with the application requirements.

E. Next Steps

The Eligibility and Budget Review Committee will review this recommendation at its August 14 meeting and, in turn, make a recommendation to the LSTFC regarding CLI’s eligibility for 2021 funding. The LSTFC will then make a final determination of CLI’s eligibility at its August 14 meeting.

ATTACHMENTS LIST

- A.** Excerpts from Governing Authorities: Business & Professions Code; State Bar Rules; Eligibility Guidelines; and American Bar Association’s Standards for the Provision of Civil Legal Aid

¹⁶ ABA Standard 1.2-4 On Governing Body Members’ Conflict of Interest



Grant Year: 2021

Due Date: June 15, 2020 at 5:00pm PST

Prepared by: Sarah Wild

Email: **swild@community-lawyers.org**

Contact Phone: **619-436-7161**

Funding Opportunity: **IOLTA LSP**

Project Title: **3595-IOLTA LSP-2021-Community Lawyers Inc.-266**

Program Name: **Community Lawyers Inc.**

Applicant Title: **Grants Manager**

Address: **1216 East Compton Boulevard**

City: **Compton**

Update Organization Profile

Confirm the organization's record is up to date. To access the Organization Profile, click on the "Review Organization Profile" button to open it in a new page. Review the Organization Profile, including the "Main," "Organization Details," and "Documents" tabs; make any necessary updates, and click Save.

Confirm that the designated Primary and Secondary Contacts are correct. For reference, identified responsible staff are listed below. The "Executive Contact" should be the Executive Director (or Clinic Director for law schools) and should have the authority to sign grant agreements with the State Bar. "Executive Contact" and "Primary Contact" are used interchangeably. Secondary Contacts for an organization will receive the same email communications as the Executive/Primary Contact.

For contact updates in the Organization Profile, contact the organization's SmartSimple User Administrator, identified under roles in the contact tab. Refer to the SmartSimple Managing Contacts user guide posted on the homepage under the "Key Documents & Authorities" section for more information on how to update contact information.

Executive Contact: Rosa Hirji

Secondary Contact(s): Sarah Wild,

I verify the information in the Organization Profile is accurate and up to date.



I verify that I have read, and am familiar with, the eligibility guidelines for IOLTA funding for legal services projects.

I. Eligibility Criteria

1. New or Currently Funded Applicant

Initial Funding or Returning Applicant not Currently Funded as a Legal Services Project

2. Applicant Type

A nonprofit corporation that provides civil legal services to the indigent without charge as its primary purpose and function

Upload a letter of support from the law school dean describing the history of the law school clinical program.

3. Applicant Eligibility

Select all that apply

Upload an LSC grant award letter or a subcontract showing the amount of LSC funds awarded through another agency.

Upload a contract, determination letter, or subcontract indicating the amount of Older Americans Act funds awarded.

An organization that receives at least \$20,000 annual cash funds from sources other than the State Bar of California to support free legal representation to indigent persons (as reflected in the Total of Non-State Bar Revenue calculated on Form VI) and can show community support for the program

3.A. Community Support



Describe the community support for the operation of a viable, ongoing program.

CLI recruits attorneys in private practice who serve without compensation in providing civil legal services without charge to indigent persons. CLI manages a pool of community volunteers with legal training to serve those in need in Compton, CA and surrounding communities. Local foundations such as Weingart, Adamma, and Disney support CLI programming through grant-making. Corporate giving programs such as Smart and Final provide assistance as do financial institutions such as First Republic Bank in Los Angeles.

3.B. Which of the following services does your organization provide?

Recruits attorneys in private practice who serve without compensation in providing civil legal services without charge to indigent persons or to qualified legal services projects in California

**i. Number of Pro Bono 30
Attorneys:**

Enter the total number of attorneys in private practice who donated their services to the organization during the previous calendar year.

**ii. Pro Bono Attorney 2250.00
Hours:**

Enter the total number of attorney hours donated to the organization during the previous calendar year.



**iii. Total value of donated \$618,750
legal services.:**

Enter the value of donated
legal services.

**iv. Formula used to \$275 per hour x hours donated during previous calendar year
calculate the value of
donated services.:**

Explain the formula used
to calculate the value of
donated services.

II. Description of Organization

Provide a comprehensive but concise description of the entire organization's work in the previous calendar year. Currently funded organizations should not limit responses to activities funded by the State Bar.

Click "Save & Finish Later" after adding counties.

County

Los Angeles

1. Organization's Mission and Vision



Community Lawyers, Inc. provides low-income people access to affordable legal services and develops innovative opportunities for attorneys and law students in underserved communities.

Purpose as stated in Bylaws: This Corporation is a California public benefit corporation and is not organized for the private gain of any person. The Corporation provides underserved and low or no income community members access to legal programs, affordable or pro-bono legal services and community advocacy and engagement. The Corporation is not established for the purpose of providing funds to supplemental law firm salaries, wages and employee benefits.

Through a pro-bono model that leverages the talents and dedication of thousands of attorney and law student volunteers, Community Lawyers Inc. annually assists more than 2,000 individuals and nonprofit organizations and addresses systemic poverty and civil rights issues through education and legal self-help.

2. Core Programs

Describe the organization's core programs as reflected in promotional materials (include a summary of all work, not just activities funded by State Bar monies).

- 1.) CLI Access Center (CLAC) - The agency launched an after-hours legal self-help center in January 2009 to provide additional options for working class families throughout Southeast and South Los Angeles County who struggle to find trustworthy and affordable legal assistance.
- 2.) Pro Bono Community Education Clinics and Workshops- CLI offers Pro Bono educational workshops during the weekday evenings and on Saturdays. Through these workshops, volunteer attorneys and other professionals educate, inform and empower low and moderate-income individuals about their legal rights and responsibilities on issues such as family law, landlord-tenant law, tax preparation, bankruptcy and debt relief, small claims, immigration and expungement of criminal records. Expanded themes, for example, delve deeper into disability law for families with school-aged children with a disability.
- 3.) Earned Income Tax Credit (EITC) Pilot- made possible by Golden State Opportunity Foundation (CalEITC4me) South Los Angeles, and especially Compton, have high concentrations of individuals and families potentially eligible for EITC. The CalEITC4me program offers on-the-ground education and outreach in these communities, which have historically demonstrated low levels of engagement with EITC. The pilot program in 2018 has created opportunities for CLI community meetings and presentations. In 2019, the EITC program was not running, but CLI is working to start the partnership again when the funding becomes available in late 2020 or early 2021.



Programs in Development:

1.) Lawyer Referral Service- CLI is finalizing plans to create a lawyer referral service that provides options for affordable legal services; the agency is taking steps to begin the process of receiving certification from the State Bar to market their services to the public. For CLI, the certification will help to ensure that clients receive referrals for attorneys who are experienced, insured, qualified and committed to serving clients with a wide range of legal problems and that they have access to confidential, prompt and professional legal referrals. At CLI, the Lawyer Referral Service will: provide a way by which any person may be referred to a qualified, insured lawyer who is able and interested in rendering needed legal services; provide general information about lawyers and the availability of legal services that will aid in the selection of a lawyer who has the required experience in a particular field of law; provide referrals to consumer, government, and other agencies when appropriate; provide referrals to attorneys, taking into consideration the type and complexity of the legal problem presented, as well as a person's financial circumstances, spoken language, geographical convenience and other requirements, pursuant to State Bar of California Rule 3.826; provide a public service for the benefit of the public; and to ensure that no person shall be deprived of the right to be referred to an attorney on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, sexual orientation, age, military and veteran status.

2.) Pro-Bono Attorney Project -CLI is currently expanding an informal Pro Bono program that fosters the development of a cadre of private attorneys who provide quality legal services in underserved communities. CLI is developing the protocols and resources to reduce the administrative costs of managing a private law practice. In addition to helping attorneys create sustainable business plans, the incubator program provides office space, law office management and law trainings to help prepare attorneys for community-oriented careers. The intent of CLI's Pro Bono attorney project in development is to train lawyers to do everything from setting up an office, to billing to marketing. Participating lawyers will learn the legal and entrepreneurial skills necessary to maintain a viable law practice that serves low and moderate income clients. Each attorney in the project is assigned with a mentor from a pool of retired lawyers and other qualified and passionate lawyers. The project will operate from CLI's headquarters in Compton; there, lawyers will have access to computers, copiers and clerical work.

3. Client Population

Describe the constituencies served by the organization. Include demographic information, such as age, gender, ethnicity, income levels, and any other characteristics particular to the service population.



Based in the City of Compton, Community Lawyers, Inc., founded in 2005, realizes the challenges that individuals face in finding quality, ethical and affordable attorneys. Community Lawyers, Inc. (CLI) provides access to critical legal resources primarily to the communities of Compton, South Los Angeles, and Southeast Los Angeles County. Although Compton is home to one of the busiest courthouses in California, attorneys and other professionals in the surrounding communities are scarce. According to the 2000 U.S. Census, Compton's annual family income is approximately \$38,000.00 and more than 25% of families live at or below federal poverty guidelines. CLI primarily serves the residents of Compton and neighboring

communities of Willowbrook, Cudahy, Bell Gardens and Huntington Park (where 29.31%, 22.05%, 21.7% and 21.48% of their populations live at or below the federal poverty guideline). CLI works to supplement efforts by local legal aid organizations that are consistently forced to turn away approximately 50% of those eligible for their services due to limited resources. According to Census data of local Congressional district demographics (CD-38, CD-40 and CD-44), there are over two million people in South East Los Angeles County. Of those, 21% are non-citizens and CLI calculates that approximately 28% of noncitizens in Southeast Los Angeles County are undocumented. Based on those conservative figures, there are upwards of 126,000 undocumented immigrants of the total 445,217 immigrants that the region CLI serves. In Compton alone, there are 96,455 residents, and the average non-citizen population in the corresponding 44th congressional district is 21%, placing at least 20,255 individuals within the immediate target population of CLI, and the Compton Community Relations Commission.

4. Income Eligibility for Services

Describe how the organization verifies and documents an individual's income eligibility for services. Identify all income criteria and guidelines used to establish eligibility for services.



CLI consumers are those clients that receive services such as immigration application assistance and limited scope, supervised assistance. Others who attend "Know your Rights" type clinics are not required to submit documentation. To receive "services," a client's income, per IOLTA requires are either 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or eligible for Supplemental Security Income or free services under the Older Americans Act or Developmentally Disabled Assistance Act. Intake sheets are archived for all consumers. These forms demonstrate that all consumers served qualify as indigent per IOLTA standards.

All CLI consumer's households are currently receiving means-tested benefits for which the individuals' income/resources have determined eligibility and/or the benefit amount for programs such as MediCal, CalWorks, Earned Income Tax Credits, TANF, and/or U.S. Citizenship and Immigration services Immigration Fee Waivers. Access to CLI intake documentation will be made accessible for IOLTA review to verify eligibility if necessary. Community Lawyers, Inc. maintains a proprietary database of constituents to capture household information via intake forms such as monthly income, number of household members, number of dependents, disability status, etc. At the Family Law Clinics, 100% of participants are classified as indigent. Access to CLI intake documentation will be made accessible for IOLTA review to verify eligibility if necessary. Community Lawyers Inc. Intakes are used to assess household income, with an eye to determining eligibility for consumers to apply for fee waivers and other income-related programs.

5. Programmatic Activities

Select all the programmatic activities the organization engaged in during the previous calendar year. Do not include fundraising and administrative activities (Eligibility Guidelines 2.3).

5.A. Legal Services Community legal education and information, Limited services, Legal self-help
Activities: support, Other legal services

Describe Other: Earned Income Tax Credit programming, Citizenship Programming

5.B. Other Activities:

i. Legal Services:

**Under which funding
sources did you serve
these clients?:**



ii. Other Services:

Describe Other Non-Legal
Services:

6.A. Total number of impact litigation cases (include partner/co-counsel cases)

Report all impact litigation cases your organization engaged in during the previous calendar year, both open and closed.

0

6.B. Total number of advocacy activities

Report all advocacy activities your organization engaged in the previous calendar year, both completed and ongoing.

1

6.C. Summarize Additional Activities

If you engaged in more than 10 advocacy activities or more than 15 impact litigation cases in the previous calendar year, briefly summarize the nature of these additional activities.

Impact Case(s)

#	Case Name	Court Name	Case Status	View / Edit Template	Form Status
---	-----------	------------	-------------	----------------------	-------------

Advocacy Activity(ies)

#	Advocacy Activity	Type	Activity Status	View / Edit Template	Form Status
1	Know Your Rights Clinics	Other(explain)	Ongoing		Draft
2	Know Your Rights Clinics	Administrative	Ongoing		Submitted



III. Staffing and Volunteers

Staffing as of December 31

Personnel Category	Full-Time Staff	Number of People (Part Time)	Full-Time Equivalent (Part Time)	Total Staffing FTEs	Number of People (Temp Staff)	Total Hours (Temp Staff)	Number of people (Volunteer)	Donated Hours (Volunteer)
Attorneys	0	0	0.00	0.00	0	0	30	2250
Paralegals	1	0	0.00	1.00	0	0	5	625
Law Students	0	0	0.00	0.00	0	0	10	750
Professional Services	0	0	0.00	0.00	0	0	0	0
Clerical/Admin	0	0	0.00	0.00	0	0	0	0
Other Personnel	1	1	0.50	1.50	0	0	0	0
TOTAL	2	1	0.50	2.50	0	0	45	3625

1.A. Professional Services and Other Personnel

For each position included under Professional Services and Other Personnel, state the title and full-time equivalent of the position(s).

Executive Director .5FTE (recruiting for ED currently through a partnership with Envision Consulting)
Program Coordinator - full time

2. Use of Non-Legal Professionals

Describe how the organization utilizes non-legal professionals in its service delivery model.



CLI uses non-legal professionals in the service delivery model by engaging them in intake activities, outreach and PR activities, translation efforts, and the completion of basic paperwork. These individuals are overseen by volunteer attorneys, and CLI staff including the Executive Director. Running a small, community non-profit required a high level of support from non-legal professionals to properly engage community members, disseminate information, and to organize the legal clinics and workshops. Over the next two years, CLI aims to begin expanding from a solely service-based organization to one with the ability to work on systemic legal and social justice issues affecting immigrants and indigent community members in Compton and surrounding communities. Since 2005, Community Lawyers, Inc. (CLI) has provided free to low-cost legal and immigration services, education, and advocacy to individuals regardless of their legal status or income. In 2020, CLI remains the only community-based organization located in Compton conducting outreach and serving this diverse community year-round.

Haydee Perez, Programs Coordinator, is not an attorney or a Paralegal, but is an experienced legal programs coordinator.

3. How many hours per week does the organization consider a full-time schedule?

Do not include non-numeric characters, this includes commas, periods, etc.

32.00

4. Staffing and/or Organizational Changes

Describe any significant changes in staffing levels or structure in the previous calendar year, and its impact on programmatic activities. Identify any significant vacancies and explain whether the organization is actively recruiting for the position, or is holding the position for budgetary or other reasons.

CLI is currently recruiting for a permanent Executive Director. In the meantime, Salvador Sanchez has stepped off the Board to fulfill the Executive Director role on an interim basis, where his specialization in immigration and tenants' rights informs CLI programming and support of indigent community members in and around Compton, CA.

About Salvador Sanchez:

Attorney Salvador Sanchez focuses his practice on immigration law, criminal law, and consumer rights law. Mr. Sanchez is an experienced and aggressive litigator who is committed to passionately championing his clients' rights in all legal forums. Mr. Sanchez is admitted to practice law in the State of California and the State of New Jersey.



Mr. Sanchez graduated from Arizona State University where he earned a B.S. degree in Justice Studies with a minor in Political Science. In college, Mr. Sanchez was on the Dean's list and was the Vice-President of the school's pre-law fraternity, Phi Alpha Delta.

Mr. Sanchez received his law degree from Rutgers School of Law – Newark, where he was involved in running the Association of Latin American Law Students, the Public Interest Law Foundation, and volunteered for Rutgers Citizenship Now. While in law school, Mr. Sanchez interned at the Los Angeles District Attorney's Office (Appellate and Habeas Division) and the Los Angeles City Attorney's Office (Housing Department).

Following graduation, Mr. Sanchez clerked for the Honorable Wendel E. Daniels, the Presiding Judge in the Criminal Division, Superior Court of New Jersey. Mr. Sanchez then worked at two law firms while living in New Jersey. At these firms, he prosecuted and defended cases involving commercial leases and loans, residential foreclosures, consumer fraud, personal injuries, and criminal defense.

In 2015, Mr. Sanchez and his family relocated to Southern California, where he grew up. Mr. Sanchez is proud to be a product of Compton, California. To familiarize himself with California law, Mr. Sanchez worked at a law firm in Huntington Park focusing on immigration and criminal law.

About Salvador Sanchez:

Attorney Salvador Sanchez focuses his practice on immigration law, criminal law, and consumer rights law. Mr. Sanchez is an experienced and aggressive litigator who is committed to passionately championing his clients' rights in all legal forums. Mr. Sanchez is admitted to practice law in the State of California and the State of New Jersey. Mr. Sanchez graduated from Arizona State University where he earned a B.S. degree in Justice Studies with a minor in Political Science. In college, Mr. Sanchez was on the Dean's list and was the Vice-President of the school's pre-law fraternity, Phi Alpha Delta. Mr. Sanchez received his law degree from Rutgers School of Law – Newark, where he was involved in running the Association of Latin American Law Students, the Public Interest Law Foundation, and volunteered for Rutgers Citizenship Now. While in law school, Mr. Sanchez interned at the Los Angeles District Attorney's Office (Appellate and Habeas Division) and the Los Angeles City Attorney's Office (Housing Department). Following graduation, Mr. Sanchez clerked for the Honorable Wendel E. Daniels, the Presiding Judge in the Criminal Division, Superior Court of New Jersey. Mr. Sanchez then worked at two law firms while living in New Jersey. At these firms, he prosecuted and defended cases involving commercial leases and loans, residential foreclosures, consumer fraud, personal injuries, and criminal defense. In 2015, Mr. Sanchez and his family relocated to Southern California, where he grew up. Mr. Sanchez is proud to be a product of Compton, California. To familiarize himself with California law, Mr. Sanchez worked at a law firm in Huntington Park focusing on immigration and criminal law.



IV. Application for Pro Bono Allocation

To qualify for the pro bono allocation in the county(ies) in which the organization provides services, the organization must meet both these requirements (1) coordinate the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified organizations as its principal means of delivering legal services; and (2) demonstrate that its principal means of delivering legal services is "the recruitment of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California" through one of the three tests described in Eligibility Guideline 2.6.3. and 2.9.

1. Are you applying for a pro bono allocation per the qualifications listed?

If yes, the organization should annually recruit at least 30 attorneys, OR recruit at least five percent of the licensed attorneys in the county served, OR receive at least 1,000 hours of donated legal services from volunteer attorneys.

Yes

Pro-Bono Eligibility

The following table will assist in determining eligibility for the additional pro bono allocation per Eligibility Guideline 2.9.

Enter information for each county in which the organization relies on volunteers as its principal means of delivering legal services. Based on 2019, complete the table for the number of people and legal services hours for all paid and volunteer positions.

If the appropriate counties are not appearing, update Form II, County(ies) for Funding, and click "Save & Finish Later."



Los Angeles

In this county, does the organization annually recruit at least 30 attorneys, OR recruit at least five percent of the licensed attorneys in the county served, OR receive at least 1,000 hours of donated legal services from volunteer attorneys in this county?

Yes

	# of People Paid	# of Hours Paid	# of People Volunteer	# of Hours Volunteer
POSITIONS				
Attorneys	0	0	30	2,250
Paralegals	0	0	5	625
Law Students	0	0	10	750
TOTAL	0	0	45	3,625

Eligibility Results for Los Angeles county

Test A	YES
Test B	YES
Test C	

Explain why you believe the organization's principal means of delivering legal services is "the coordination of the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California."

CLI's mission is to coordinate the recruitment of attorneys and resources and providing legal services for low income and indigent persons in California: "Community Lawyers, Inc. provides low-income people access to affordable legal services and develops innovative opportunities for attorneys and law students in underserved communities."



1.A. Non-Attorney CLI uses non-legal professionals in the service delivery model by engaging them

Describe how your organization utilizes volunteers who are not attorneys.

Volunteers: in intake activities, outreach and PR activities, translation efforts, and the completion of basic paperwork. These individuals are overseen volunteer attorneys, and CLI staff including the Executive Director. Running a small, community non-profit required a high level of support from non-legal professionals to properly engage community members, disseminate information, and to organize the legal clinics and workshops. In the legal clinic, volunteers are provided with pre-approved scripts; they help consumers complete intake forms at which point consumers talk, in private, with an attorney. The volunteer attorney, who has already trained in CLI policy and procedures, tells the volunteer what forms to complete (court forms etc.); the attorney consults with client and oversees all work, including each form completed by the volunteers. The attorney presented with the form and signs off on it prior to the form and instructions being returned to the client- to ensure accuracy.

2. Tracking Volunteer Hours

Describe how the organization obtains and maintains information about hours of service donated by volunteers. If the organization does not have written documentation corroborating the legal services hours reported, explain the basis of the reported figures. For example, if the organization relies upon estimates, provide the elements that were factored into the calculations.

Volunteer hours are tracked through timesheets that are entered into an online client relationship management software called Little Green Light.

3. Legal Services Staff Hours

If the applicant does not count all staff hours worked as legal services hours, for each paid staff position, explain the method used to calculate the number of legal services hours and, with respect to each county, describe the general nature of the non-legal services activities.



Community Lawyers Inc. cannot exaggerate the importance of volunteers to achieve our mission each year. The value of in-kind volunteer hours, which is currently not reflected in our operating budget, surpasses \$3,000,000 per year- both because of the high hourly rate that attorneys earn in their field, and for the high level of engagement (measured in hours) that our volunteers provide. For this reason, we welcome the opportunity to refine our processes for recruitment, retention, and recognition to learn more effective ways of volunteer management. Community Lawyers, Inc. is a very small organization. As such, each year, we incrementally grow staffing, but we do not foresee a future in which we will not rely heavily on talented, community-minded volunteers. Through volunteer recruitment, Community Lawyers, Inc. ensures that it is responsive to the cultural and linguistic needs of its constituents by mitigating biases and inequalities rooted in history and economics though requiring board and staff members to reflect the constituency they serve. The organization works on frontlines in South/Central Los Angeles communities and both staff and Board members' success as lawyers and advocates relies on fact that they remain intimately aware of the issues and barriers that constituents face in their daily life. Most Community Lawyers Inc. and Board members are bilingual, and educational materials and curricula are designed to be responsive to cultural needs of those that CLI serves. As such, proper recruitment is clearly required to engage the best legal professionals and students as volunteers. Through process, volunteer process refinement will help CLI access and cultivate potential donors through intentional community engagement by raising awareness of CLI's work.

V. Quality Control Review

1. Quality Control Report

Has the organization received a written quality control review from the Legal Services Corporation, the California Department of Aging, or an Area Agency on Aging in the previous calendar year?

No

2. Legal Services Staff Supervision

Describe how legal services staff are supervised to ensure quality service. Identify supervisory personnel and provide information regarding their oversight (frequency of case management meetings, etc.). If there is only one staff attorney or the organization only employs contract attorneys, describe how oversight and quality control are ensured.



Interim Executive Director, Salvador Sanchez, must approve every application and referral made by legal services professionals, one example being the citizenship applications. Salvador signs off on every application completed by legal service specialists at CLI. He must approve all referrals and recruitment of any community lawyers. CLI is specifically working to strengthen its internal standards and systems for supervision, effective case management, adherence to practice standards, and training and staff development. In the most recent strategic plan (2020), the agency included policies for case management to strengthen areas of responsibility and expectations for all staff. Case management meetings occur weekly, either before or after staff meetings, also before and after monthly Board meetings. Legal services staff is supervised by the Executive Director, who is also an attorney licensed in the State of California. Each week, the Executive Director meets with staff specifically to review intake procedures during legal clinic to ensure quality assurance, training on unauthorized practices of law, annual reviews. The Executive Director reviews professional performance goals on a quarterly basis. The Executive Director and Board members create phone and talking scripts for staff and volunteers to ensure consistent messaging and adherence to policy and procedure for staff members. The Executive Director and Board members periodically revisit expectations for roles and responsibilities to ensure that they are clearly articulated and closely followed by all members of staff to ensure proper protection and advocacy of the consumers that CLI serves.

3. Volunteer Supervision

Describe the method(s) by which volunteers (attorneys, paralegals, and law students) are supervised. If the organization does not actively supervise volunteers or review their work product, how does the organization ensure compliance with its quality standards?

At Community Lawyers Inc., (CLI) volunteers are at the core of our mission and the programs and services we provide to low and moderate-income community members in and around Compton. CLI provides access to underserved communities through advocacy and affordable or pro bono legal services to further development in local communities. Community Lawyers, Inc. has over 15 consecutive years of experience in Compton and surrounding communities and through volunteer lawyers, advocates, Board members and staff members, continues to leverage relationships with dozens of public, private, and nonprofit partners to provide education and outreach to engage community members who would potentially benefit from core CLI legal, educational, and advocacy services. Volunteers adhere to volunteer manuals, which they receive at the time of their training, and they are bound to a strict code of ethics, especially given the vulnerable nature of the population served and the sensitive nature of many of the cases, volunteer recruitment, supervision, and retention is an important part of CLI's service model.

**4. Describe case opening and closing oversight practices.**

Due to the nature of CLI's community work, the agency specializes in limited scope representation and self-help education ("Know-your-Rights" etc) For that reason, CLI does not carry any caseload in the traditional sense. Case opening and closing oversight practice include weekly review of cases at staff meetings, also at monthly Board meetings, where issues are discussed and passed along to staff and volunteers. Conflict checks are run at the time when an attorney relationship is established at CLI and periodically updated as necessary.

VI. Sources of Funding

Use the table below to itemize the organization's sources of funding in the calendar year 2019.

Enter the cash amount received for each funding source. Do not include State Bar monies.

- Under Foundations, list the largest three grants by organization, and then add the remaining amounts together under Other Foundation Funding.
- Under Government Resources, for each Federal, State, and Cities and Counties, list the largest three grants by agency, and then add the remaining amounts together in the corresponding Other field.

Source	Amount Received
Individual Contributions	
Attorneys/Private Donors/Individual Gifts	\$25,000
Event Sponsorship/Special Events	\$50,000
Other	\$16,000
Total	\$91,000
Organizations	
Bar Associations	\$0
Law Firms	\$0
Law Schools	\$0



Other, including subgrants from nonprofits	\$22,000
Total	\$22,000
Foundations	Subtotal
Adamma Foundation	\$10,000
Disney Foundation	\$10,000
Weingart Foundation	\$50,000
Other Foundation Funding	\$40,000
Total	\$110,000
Legal	
Legal Services Corporation	\$0
Area Agency on Aging	\$0
Total	\$0
Government Resources	
Federal (not LSC or OAA)	
	\$0
	\$0
	\$0
Other Federal Funding	\$0
State	
	\$0
	\$0
	\$0
Other State Funding	\$0
Cities and Counties	
LA County	\$0
	\$0
	\$0
Other City and County Funding	\$0
Total	\$0
Residual and Cy Pres Awards	
State Court	\$0
Federal Court	\$0
Total	\$0

**Fees and Reimbursements**

Attorneys' Fees	\$0
Client-Paid Amounts	\$0
Cost Reimbursements	\$3,640
Other Professional Fees	\$0
Total	\$3,640

Other Cash Support

Rent Revenue	\$0
	\$0
	\$0
	\$0
	\$0
Total	\$0
TOTAL OF NON-STATE BAR REVENUE	\$226,640

1.A. Other Funding

Itemize sources included in any "other" line items listed in the Sources of Funding worksheet.

Cost Reimbursements: \$3,640 NALEO travel, office copy machine usage reimbursement.
 Other: \$16,000 Individual contributions (online donations, ticket sales, occasional donations for workshops from members of public and volunteer attorneys)
 Other Foundation Funding: \$40,000 (COVID hardship grants like Dandi. Hello Alice, and Global Giving)
 Other, including subgrants from nonprofits \$22,000- NALEO (National Association of Latino Elected Officials) Citizenship applications service contract grant

VII. Total Corporate Expenditures

Organization's Fiscal December 31
Year End:

1. Upload Audited or Reviewed Financial Statement Ended in the Previous Year



Upload a final copy of the organization's audit or financial review for the organization's fiscal year ending in 2019; qualified expenditures will be calculated based on this document. Organizations with gross corporate expenditures less than \$500,000 can provide a financial review in lieu of an audited financial statement (Rule 3.680(E)(1)). It is also the obligation of the applicant to upload a copy of the most recent audit or financial review as soon as available, and no later than May 1, to the Organization Profile under the Documents tab.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If requesting an audit extension, upload an explanation (in lieu of the audit or financial review) with an estimate of when the audit or financial review will be finalized. The applicant should complete all sections of the application using reasonable estimates if the audit or financial review is not available. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.

2019_CLI_Financials.pdf

69 KB - 08/03/2020 6:31PM

CLI_Financial_Review_-_June_2020.pdf

296.3 KB - 06/15/2020 2:22PM

Total Files: 2



Total Corporate Expenditures

NON-CASH		Expenditures
In-kind/Donated Services		\$618,750
Unrealized Losses		\$0
Other		\$0
Total Non-Cash Items		\$618,750
PASS-THROUGH / FISCAL SPONSOR		Expenditures
Pass-through		\$0
Total Pass-through		\$0
PERSONNEL		Expenditures
Attorneys		\$0
Paralegals		\$0
Other Staff		\$77,486
Subtotal		\$77,486
Employee Benefits		\$7,413
Total Personnel		\$84,899
PERSONNEL		Expenditures
Attorneys		
Paralegals		
Other Staff		
Subtotal		
Employee Benefits		
Total Personnel		
NON-PERSONNEL		Expenditures
Space		\$12,000
Equipment Rental and Maintenance		\$4,044
Office Supplies and Small Equipment		\$3,450
Printing and Postage		\$0
Telecommunications		\$0
Technology		\$8,814
Program Travel		\$8,538
Training		\$4,500



Library	\$0
Insurance	\$7,738
Audit	\$5,445
Litigation	\$0
Depreciation	\$0
Contract Service to Clients	\$0
Contract Service to Program	\$0
Other	\$27,281
Total Non-Personnel	\$81,810
TOTAL EXPENDITURES (Personnel + Non-Personnel +Non-Cash+Pass-through)	\$785,459
TOTAL QUALIFIED CORPORATE EXPENDITURES (Personnel + Non-Personnel)	\$166,709

Please itemize all expenses included under Other (Non-Personnel).

\$25,281

Grant Writing/Development Consultant: \$8,325

Licences/fees: \$1120

Fundraising Expenses (Justice Jam) \$8,468

Office Cleaning: \$1,200

Utilities: \$6,168

3. Explain Any Variance

If your organization's reported corporate expenditures do not align with your organization's uploaded audit, please explain the variance.

n/a

VIII. Qualified Expenditures

Questions	Amount	Explanation
1. Total Corporate Expenditures from the previous fiscal year	\$166,709	



2. Did the corporation engage in activities other than the delivery of legal services?	\$24,000	<p>staff time calculated at approximately \$27/ an hour for: development of EITC program, pro-bono, and attorney referral program - ie staff time, research and soliciting feedback from partners and experts, attending educational webinars etc.</p> <p>Development consultant (grant writing, follow up reporting, prospect research) \$8,500 in 2019.</p> <p>Approximately 85% of these costs were applied directly to program development and 15% to the administration thereof.</p>
3. Did the corporation lease or sublease space to another organization?	\$0	no
4. With regards to leased or subleased space, did the organization incur property management expenses, whether as primary owner or lessor?	\$0	no
5. Did you provide legal services in criminal matters?	\$0	no
6. Did you charge clients for any legal services in civil matters, other than requiring payment for costs and expenses or processing fee of \$20 or less?	\$0	no
7. Did you provide any free civil legal services to persons who were not indigent as defined in B & P Code Section 6213(d) and Eligibility Guidelines 2.3.3 and 2.3.4, or to organizations not providing benefits primarily on behalf of indigent?	\$0	no
8. Did you provide free civil legal services outside California?	\$0	0
9. Did your organization incur expenses that did not contribute to the provision of civil legal services to indigent people and that were not itemized above?	\$0	0
10. TOTAL EXPENDITURES FOR NON-QUALIFIED ACTIVITIES	\$24,000	
11. SUB-TOTAL OF QUALIFIED EXPENDITURES	\$142,709	



12. PERCENT OF QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS

Once you have completed and saved the Qualified Expenditures table above, click the "Save & Finish Later" button below to calculate this percentage.

85.60%

12.A. Less than 75% Explanation

If the percentage of expenditures for free civil legal services to indigent persons calculated above is less than 75 percent, explain how the organization meets the primary purpose requirement for funding (B&P §6213(a)).

N/A

13. Exchanged Funds

Did the organization exchange funds with another legal services project that is applying for a State Bar grant?

No

14. TOTAL DEDUCTION OF EXCHANGED FUNDS

\$0

15. Shriver Funds

Enter funds received for a grant (or subgrant/subcontract) for a pilot project pursuant to the Sargent Shriver Civil Counsel Act of 2009.

\$0

16. TOTAL QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$142,709



Enter all IOLTA and EAF expenditures for 2019 in 17a and 17b, respectively. This should include any carry-over from 2018

Reference Button:

17.A. IOLTA Expenditures Net of Capital Additions (FISCAL YEAR)

\$0

17.B. EAF Expenditures Net of Capital Additions (FISCAL YEAR)

\$0

17.C. IOLTA AND EAF EXPENDITURES NET OF CAPITAL ADDITION EXPENDITURES (AUTO-CALCULATED)

\$0

18. GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$142,709

19. Upload Any Additional Expenditure Documents

Include any additional documents regarding the information entered in this form.

VIII-A. Expenditures by County

GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$142,709

1. Allocation of Expenditures for Each County



If you provide free civil legal services to indigent persons in more than one county, describe the basis for your by county allocation of expenses and how it relates to the services in each county. Include any calculations or relevant data to support your explanation.

N/A

2. New or Discontinued Counties

If applicant is seeking 2021 IOLTA and EAF funds to serve any counties that differ from the counties for which applicant is currently receiving 2020 IOLTA and EAF funds, provide information on new and/or discontinued counties. See application instructions for additional details. Enter N/A if not applicable.

N/A

3. Out of County Work

Describe any work in county(ies) other than those detailed in the questions above. Include name of county(ies), nature of work, start and/or end date, approximate county expenditures, and any other relevant information.

N/A



Expenditures by County

Previous Fiscal Year Quarterly Reports:

In the tables below, indicate the amount of total expenditures for free civil legal services to indigent persons in California for each county.

The total amount of the "Qualified Expenditures" column should equal the amount that appears at the top of this form. IOLTA and EAF expenditures should match Quarterly Report submissions for your fiscal year ending in 2019, including any carry-over from 2018. Reference the "View" button located above this instruction box to view your Quarterly Report submissions for your fiscal year ending in 2019.

Click "Save" within the table, then "Save & Finish Later" to update county tables.

Update Form II if the appropriate counties are not appearing.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If submitting the application without a final audit or financial review, the applicant should complete all sections of Form VIII-A using reasonable estimates. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.

Los Angeles

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$166,709	\$0	\$0	\$166,709

County Totals

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
166709	0	0	166709

IX. Certifications & Assurances



**Upload Signed
Certifications &
Assurances Document:**

IOLTA_LSP_CA_Form2020.pdf
576.2 KB - 06/15/2020 3:50PM

Total Files: 1

Supporting Documents (Optional)

When naming optional supporting documents, please include the Organization's acronym (or short name) and a 1-5 word description of the file.

Community Lawyers, Inc.

PROFIT AND LOSS

January - December 2019

	TOTAL
Income	
4000 Program Income	
4100 Consulting Income	24,534.07
Total 4000 Program Income	24,534.07
4200 Contributions, Grants, and Cont	
4201 Legal Aid Contribution	5,250.00
4203 ADAMMA Foundation Contribution	10,000.00
4204 California Community Foundation	75,000.00
4207 Naleo Foundation	21,273.86
4208 Other Foundations	60,250.00
4300 Individual Donation	1,746.00
4302 Other Contributions	158.34
Total 4200 Contributions, Grants, and Cont	173,678.20
4400 Fundraising revenue	3,854.39
4401 Justice Jam Income	19,535.00
Total 4400 Fundraising revenue	23,389.39
Total Income	\$221,601.66
GROSS PROFIT	\$221,601.66
Expenses	
5000 Program Services Expenses	
5100 Salaries & related costs	
5101 Salaries & Wages	64,298.12
5102 Payroll Taxes	11,749.22
5103 Payroll processing fees	898.94
5104 Unemployment Insurance (EDD)	624.63
5106 Employee Benefits/Gifts	540.44
Total 5100 Salaries & related costs	78,111.35
5200 Insurance Expense	
5201 Insurance General Liability	1,765.00
5202 Insurance-medical	4,363.52
5203 Insurance-Workers Comp	659.00
Total 5200 Insurance Expense	6,787.52
5300 Facilities & Equipment Expenses	
5301 Rent Expense	12,000.00
5302 Equipment lease	3,713.15
5303 Furniture Expense	3,450.43
5304 Repairs & Maintenance	330.82
5306 Utilities	6,168.16
5307 Office cleaning	1,220.00
Total 5300 Facilities & Equipment Expenses	26,882.56

Community Lawyers, Inc.

PROFIT AND LOSS

January - December 2019

	TOTAL
5305 Computer Software	8,813.83
5400 Contract Service Expense	
5401 Professional Fees	5,444.50
5405 Development Consulting/Grant wr	8,325.00
Total 5400 Contract Service Expense	13,769.50
5404 Justice Jam Expense	7,664.99
5500 Travel	5,381.42
5501 Meals & Entertainment	542.32
5701 Website maintenance	31.98
Total 5000 Program Services Expenses	147,985.47
6000 Management and General Expenses	
6001 Office Supplies & Software	2,456.43
6300 Taxes & Licenses	20.00
Total 6000 Management and General Expenses	2,476.43
7000 Fundraising Expense	873.40
Contractors	15,373.75
Total Expenses	\$166,709.05
NET OPERATING INCOME	\$54,892.61
NET INCOME	\$54,892.61

Community Lawyers, Inc.

BALANCE SHEET

As of December 31, 2019

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Cash & Cash Equivalents	
1001 Wells Fargo Bank	122,238.20
1002 Petty Cash	500.00
Total 1000 Cash & Cash Equivalents	122,738.20
Total Bank Accounts	\$122,738.20
Accounts Receivable	
Other Receivable	1,360.00
Total Accounts Receivable	\$1,360.00
Other Current Assets	
1200 Grants Receivable	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$124,098.20
TOTAL ASSETS	\$124,098.20
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Clearing	0.00
Total Other Current Liabilities	\$0.00
Total Current Liabilities	\$0.00
Total Liabilities	\$0.00
Equity	
32000 Retained Earnings	69,205.59
Net Income	54,892.61
Total Equity	\$124,098.20
TOTAL LIABILITIES AND EQUITY	\$124,098.20

Community Lawyers, Inc.) Financial Review for 2019 & 2020)

Financial Executive Summary

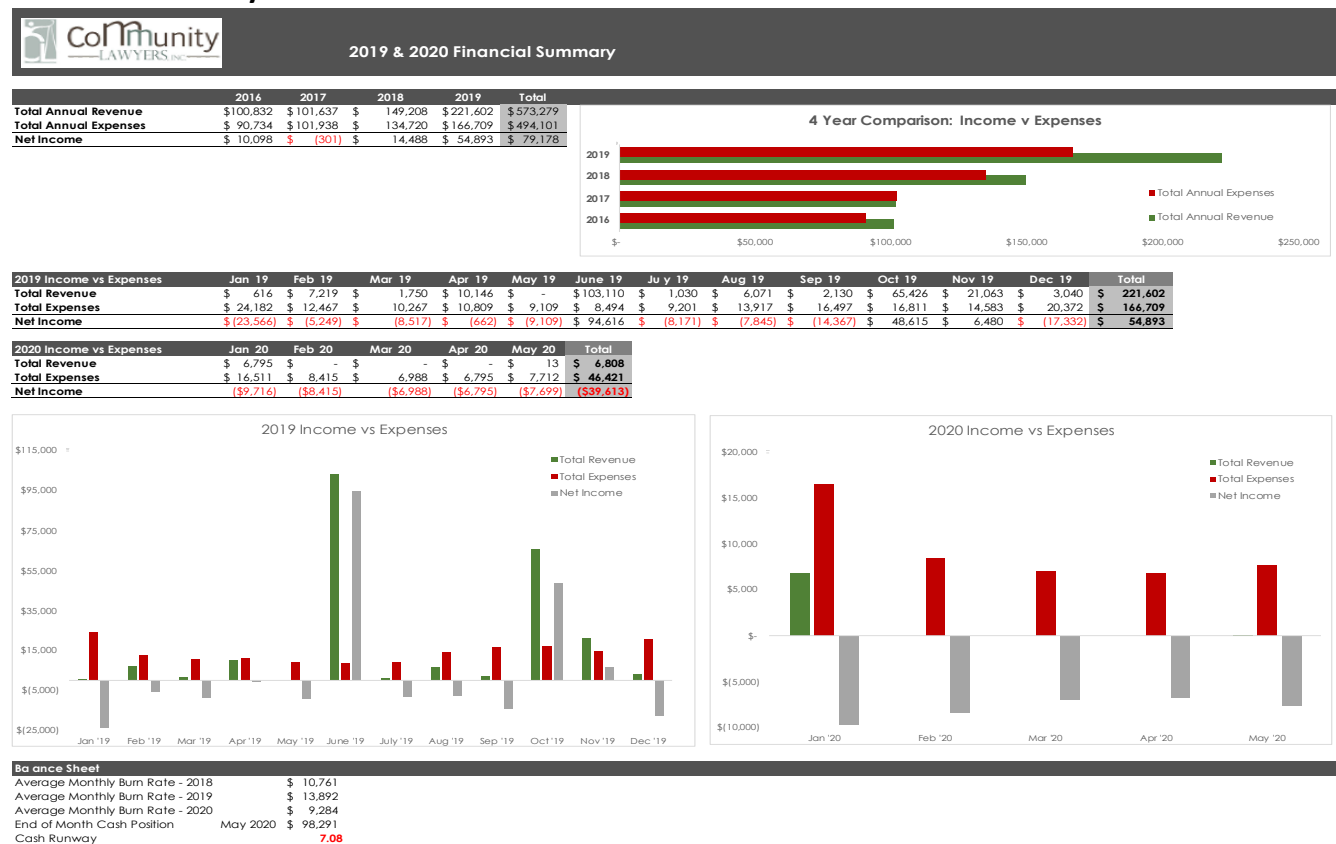
Community Lawyers, Incorporated (CLI) financial structure, data, and taxes have been reviewed to ensure financial data and statements are clean, accurate and fully compliant. CLI's financial data for 2019 through May 2020 is fully reconciled in accordance with Financial Accounting Standards Board (FASB) non-profit accounting standards and Generally Accepted Accounting Principles (GAAP) standards.

All financials for 2019 through May 2020 have been analyzed and reviewed to separate restricted versus unrestricted funds. Due to the fact that all current CLI funding is unrestricted, financial statements do not need to be separated out. Moving forward, CLI is fully prepared to classify all revenue and expenses based on the existence or absence of donor-imposed restrictions.

During the past 4 years CLI has managed to increase revenue annually. From 2016 to 2019, CLI's revenues totaled \$573.3k. In 2019 CLI brought in a total of \$221.6k in income. With a strong cash position of \$98k, CLI has sufficient funds to operate for a healthy 7 months.

Financial statements referred to above present fairly, in all material respects, the financial position of Community Lawyers, Incorporated as of May 31, 2020 and the results of its operations and its cash flows ended in conformity with the accounting principles generally accepted in the United States.

Financial Summary



Record Revenue

During the past 4 years CLI has managed to increase income annually. From 2016 to 2019, CLI's revenue totaled \$573.3k. In 2019 CLI brought in a total of \$221.6k in income. That represents a 49% increase in revenue from 2018. Almost half of CLI's 2019 income came in during June 2019. CLI ended 2019 with \$166.7k in expenses, which resulted in net income of \$54,893. That represent the highest net income in 4 years.

During the first 6 months of 2019, CLI already exceeded \$100k in revenues, which represents 80% of all of 2018 total revenues. In June 2019, CLI had its largest revenue month of the past few years at \$103k.

For 2020, CLI has applied for a total of \$107,500 in additional grant funding. The applications are currently under review.

Expenses

Expenses in 2019 averaged \$14k monthly. Monthly 2020 expenses are averaging \$9k. January 2019 saw the largest expense total during the past 18 months.

With an average monthly burn rate for 2020 at \$9,284 and a strong cash position of \$98k, CLI has sufficient funds to operate for a healthy 7 months.

Financial Structure

To improve CLIs financial clarity, 2018 and 2019 financials were migrated to QuickBooks. The migration was made to improve financial clarity, enhance analysis, and better fund tracking. CLI continues to improve processes and use of QuickBooks to ensure compliance and accuracy.

CLI financials are up to date and are fully reconciled for 2019 and from January 1, 2020 to May 31, 2020.

To achieve full reconciliation a bank reconciliation was completed by matching the balances in CLI's accounting records for cash accounts to the corresponding information in bank statements. The goal was to ascertain the differences between the two, and to book changes to the accounting records as appropriate.

CLI's chart of accounts have been updated in order to be aligned with tax form 990 and common non-profit chart of accounts. The new chart structure better suits the organization's financial model and structure. Chart of accounts are now numbered for improved tracking and reconciliation and have been grouped into functional expense categories.

Tax Filing

The 2018 990 EZ filing represents the last tax filing for the organization. Utilizing this analysis, CLI will commence its filling of 2019 taxes.

Due to the fact that CLI utilized a 990 EZ form to file its 2018 taxes, the organization was not required to break out financial data as restricted versus unrestricted. Due to the fact that all current CLI funding is unrestricted, financial statements do not need to be broken out as restricted versus unrestricted.

Moving forward, CLI is fully prepared to classify all revenues and expenses based on the existence or absence of donor-imposed restrictions.

Continued Improvements and Recommendations for Financial Operations

Listed below are several process improvements that have been implemented to continue to improve CLI's financial well-being, as well as additional recommendations:

1. Grants & Contracts Management

Provider	Type of Funding	Purpose	PI # & Project Name	Grant Date	Total Amount (Pledged)	Grant Duration	2018 Received Amount	2019 Received Amount	2020 Amount To Be Received
ADAMMA Foundation	Grant	General Operation Expenses		Jun-19	\$ 10,000	Jun-19	\$ 5,000	\$ 10,000	
CAL EITC 4 ME (Golden State opportunity Foundation)	Grant	Community Outreach and Education Programs at PRCWC	CAL EITC Outreach	2018	\$ 20,000		\$ 20,000		
California Community Foundation	Grant	Support organizational capacity through intensive and strategic financial planning	BA-19-1585288	Jul-19	\$ 75,000	07/01/19-06/30/21	\$ 18,065	\$ 75,000	
Naleo Foundation	MOU	Establish a collaboration solely to promote and provide naturalization application assistance services			\$ 19,938	07/01/16-06/30/17			
Naleo Foundation	MOU	Establish a collaboration solely to promote and provide naturalization application assistance services			\$ 4,000	07/01/17-06/30/18	\$ 4,590		
Naleo Foundation	MOU	Establish a collaboration solely to promote and provide naturalization application assistance services			\$ 13,797	10/01/18-06/30/19	\$ 5,519	\$ 8,278	
Naleo Foundation	MOU	Establish a collaboration solely to promote and provide naturalization application assistance services			\$ 12,996	07/01/19-06/30/20		\$ 12,996	
Naleo Foundation	MOU	Establish a collaboration solely to promote and provide naturalization application assistance services			\$ 13,855	07/01/20-06/30/21			\$ 13,855.00
Skylight Foundation	Grant				\$ 20,000	2018	\$ 20,000		
WeinGart Foundation	Grant				\$ 25,000	2017			
WeinGart Foundation	Grant				\$ 50,000	2019		\$ 50,000	
Disney Family Foundation	Grant	General Operation Expenses			\$ 10,000	2019		\$ 10,000	
Community Legal Aid SoCal	Agreement	Fee for service contract/reimbursement payment for clinics and Judicare Program		10/26/17	\$ 12,000	01/01/17-12/31/18 (extended)	\$ 5,000		
Community Legal Aid SoCal	Agreement	Fee for service contract/reimbursement payment for clinics and Judicare Program		4/30/19	\$ 3,000	01/01/19-06/30/19 (extended)		\$ 3,000	
Community Legal Aid SoCal	Agreement	Fee for service contract/reimbursement payment for clinics and Judicare Program		4/30/19	\$ 3,000	07/01/19-12/31/19		\$ 2,750	

Illustrated are all CLI grants and contracts for the past 4 years.)

CLI continues to maintain financial clarity, by combining all available/active grants and contracts in a centralized schedule as shown above. This document is updated regularly during a weekly grants and development call.

2.) Monthly Bookkeeping

CLI has contracted with an outside Accountant to manage their QuickBooks. This will ensure timely and accurate financials, grant recording and expense management. Continued improvements will be made to the processes implemented to ensure compliance with FASB and GAAP in regard to non-profit accounting.

3.) Donor Management Software

CLI utilizes Little Green Light donor management software to maintain donor and foundation records, standardize data and reporting.

4.) Internal Controls Documentation

In order to improve financial procedures and to become audit ready, CLI should create internal controls documentation of all financial procedures. The creation of documentation will entail the creation of a multipage financial process document that outlines all funding sources, financial structure and accounting procedures. A robust internal controls document should also be created and should contain a process narrative. Audit firms often require the creation of this type of document to evaluate internal controls. The creation of the documentation will save time and money when it comes time to conduct an audit.

Significant Events

CLI's Board of Directors is currently in the processes of recruiting a new Executive Director.

On January 30, 2020 the World Health Organization declared the COVID-19 outbreak a public health emergency and subsequently a pandemic on March 11, 2020. CLI is currently assessing the potential impact of the COVID-19 pandemic. At this time an estimate of the impact upon CLI's future financial statements cannot be made.

CLI submitted a loan application under the Paycheck Protection Program (PPP) to cover payroll and benefits, lease payments and other costs. On May 7, 2020, CLI received loan proceeds of \$12,806 and \$1,000 from the Economic Injury Disaster Loan (EIDL). The PPP and EIDL provide for loan forgiveness if CLI is able to meet certain employee retention, salary and other requirements.

Community Lawyers Inc

Statement of Activities

January December 2019

	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Total
Income													
4000 Program Income													\$ -
4100 Consulting Income		\$ 1,700	\$ 1,250	\$ 5,712		\$ 4,351	\$ 1,030	\$ 4,701	\$ 1,930	\$ 680	\$ 1,520	\$ 1,660	\$ 24,534
Total 4000 Program Income	\$ -	\$ 1,700	\$ 1,250	\$ 5,712	\$ -	\$ 4,351	\$ 1,030	\$ 4,701	\$ 1,930	\$ 680	\$ 1,520	\$ 1,660	\$ 24,534
4200 Contributions, Grants, and Contracts													\$ -
4201 Legal Aid Contribution	\$ 500		\$ 500	\$ 1,000		\$ 1,000		\$ 1,000		\$ 750		\$ 500	\$ 5,250
4203 ADAMMA Foundation Contribution						\$ 10,000							\$ 10,000
4204 California Community Foundation						\$ 75,000							\$ 75,000
4207 Naleo Foundation		\$ 5,519				\$ 2,759				\$ 12,996			\$ 21,274
4208 Other Foundations						\$ 10,000				\$ 50,000		\$ 250	\$ 60,250
4300 Individual Donation	\$ 116									\$ 1,000		\$ 630	\$ 1,746
4302 Other Contributions				\$ 150							\$ 8		\$ 158
Total 4200 Contributions, Grants, and Contracts	\$ 616	\$ 5,519	\$ 500	\$ 1,150	\$ -	\$ 98,759	\$ -	\$ 1,000	\$ -	\$ 64,746	\$ 8	\$ 1,380	\$ 173,678
4400 Fundraising revenue				\$ 3,284				\$ 370	\$ 200		\$ 19,535		\$ 23,389
Total Income	\$ 616	\$ 7,219	\$ 1,750	\$ 10,146	\$ -	\$ 103,110	\$ 1,030	\$ 6,071	\$ 2,130	\$ 65,426	\$ 21,063	\$ 3,040	\$ 221,602
Gross Profit	\$ 616	\$ 7,219	\$ 1,750	\$ 10,146	\$ -	\$ 103,110	\$ 1,030	\$ 6,071	\$ 2,130	\$ 65,426	\$ 21,063	\$ 3,040	\$ 221,602
Expenses													
5000 Program Services Expenses													\$ -
5100 Salaries & related costs													\$ -
5101 Salaries & Wages	\$ 8,142	\$ 7,043	\$ 5,113	\$ 5,525	\$ 4,230	\$ 4,326	\$ 2,744	\$ 4,401	\$ 5,734	\$ 5,680	\$ 5,680	\$ 5,680	\$ 64,298
5102 Payroll Taxes	\$ 1,541	\$ 1,464	\$ 2,458	\$ 1,540	\$ 1,540	\$ 917	\$ 210	\$ 337	\$ 439	\$ 435	\$ 435	\$ 435	\$ 11,749
5103 Payroll processing fees	\$ 78		\$ 78	\$ 78	\$ 121	\$ 82	\$ 78	\$ 78	\$ 82	\$ 85	\$ 130	\$ 88	\$ 899
5104 Unemployment Insurance (EDD)				\$ 625									\$ 625
5106 Employee Benefits/Gifts	\$ 270		\$ 150					\$ 120					\$ 540
Total 5100 Salaries & related costs	\$ 10,031	\$ 8,507	\$ 7,571	\$ 7,293	\$ 6,515	\$ 5,325	\$ 3,032	\$ 4,816	\$ 6,375	\$ 6,199	\$ 6,244	\$ 6,202	\$ 78,111
5200 Insurance Expense													\$ -
5201 Insurance - General Liability	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 51	\$ 51	\$ 1,194	\$ 1,765
5202 Insurance-medical	\$ 650	\$ 650	\$ 13	\$ 332	\$ 332	\$ 332	\$ 332	\$ 332	\$ 332	\$ 354	\$ 354	\$ 354	\$ 4,364
5203 Insurance-Workers Comp								\$ 659					\$ 659
Total 5200 Insurance Expense	\$ 702	\$ 702	\$ 65	\$ 384	\$ 384	\$ 384	\$ 384	\$ 1,043	\$ 384	\$ 405	\$ 405	\$ 1,548	\$ 6,788
5300 Facilities & Equipment Expenses													\$ -
5301 Rent Expense	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
5302 Equipment lease	\$ 337	\$ 337	\$ 337	\$ 337	\$ 337	\$ 337	\$ 337	\$ 137		\$ 391	\$ 412	\$ 412	\$ 3,713
5303 Furniture Expense	\$ 3,354	\$ 97											\$ 3,450
5304 Repairs & Maintenance	\$ -					\$ 264			\$ 10	\$ 17		\$ 41	\$ 331
5306 Utilities	\$ 415	\$ 683	\$ 505	\$ 489	\$ 166	\$ 506	\$ 669	\$ 566	\$ 600	\$ 546	\$ 519	\$ 504	\$ 6,168
5307 Office cleaning	\$ 100	\$ 100	\$ 220		\$ 100	\$ 100	\$ 100	\$ 200	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,220
Total 5300 Facilities & Equipment Expenses	\$ 5,106	\$ 2,217	\$ 2,062	\$ 1,826	\$ 1,604	\$ 1,943	\$ 2,370	\$ 1,903	\$ 1,700	\$ 2,047	\$ 2,048	\$ 2,057	\$ 26,883
5305 Computer - Software	\$ 7,575								\$ 1,239				\$ 8,814
5400 Contract Service Expense													\$ -
5401 Executive Director							\$ 1,339	\$ 2,975	\$ 2,818	\$ 2,765	\$ 2,468	\$ 3,010	\$ 15,374
5405 Development Consulting/Grant writing	\$ 350	\$ 900		\$ 600	\$ 550	\$ 700	\$ 1,575	\$ 900	\$ 500		\$ 1,300	\$ 950	\$ 8,325
5410 Professional Fees						\$ 150	\$ 1,253	\$ 3,300				\$ 742	\$ 5,445
Total 5400 Contract Service Expense	\$ 350	\$ 900	\$ -	\$ 600	\$ 550	\$ 700	\$ 3,064	\$ 5,128	\$ 6,618	\$ 2,765	\$ 3,768	\$ 4,702	\$ 29,143
5701 Website maintenance						\$ 16					\$ 16		\$ 32
Total 5000 Program Services Expenses	\$ 23,765	\$ 12,326	\$ 9,697	\$ 10,103	\$ 9,053	\$ 8,367	\$ 8,849	\$ 12,889	\$ 16,315	\$ 11,417	\$ 12,481	\$ 14,509	\$ 149,770
6000 Management and General Expenses													\$ -
6001 Office Supplies & Software	\$ 417	\$ 141	\$ 569	\$ 188	\$ 37	\$ 127	\$ 352	\$ 34	\$ 167	\$ 247	\$ 103	\$ 75	\$ 2,456
6200 Meals & Entertainment							\$ 136					\$ 407	\$ 542
6250 Travel												\$ 5,381	\$ 5,381
6300 Taxes & Licenses				\$ 20									\$ 20
Total 6000 Management and General Expenses	\$ 417	\$ 141	\$ 569	\$ 188	\$ 57	\$ 127	\$ 352	\$ 169	\$ 167	\$ 247	\$ 103	\$ 5,863	\$ 8,400
7000 Fundraising Expense			\$ 518					\$ 858	\$ 15	\$ 5,147	\$ 2,000		\$ 8,538
Total Expenses	\$ 24,182	\$ 12,467	\$ 10,267	\$ 10,809	\$ 9,109	\$ 8,494	\$ 9,201	\$ 13,917	\$ 16,497	\$ 16,811	\$ 14,583	\$ 20,372	\$ 166,709
Net Operating Income	\$ (23,566)	\$ (5,249)	\$ (8,517)	\$ (662)	\$ (9,109)	\$ 94,616	\$ (8,171)	\$ (7,845)	\$ (14,367)	\$ 48,615	\$ 6,480	\$ (17,332)	\$ 54,893
Net Income	\$ (23,566)	\$ (5,249)	\$ (8,517)	\$ (662)	\$ (9,109)	\$ 94,616	\$ (8,171)	\$ (7,845)	\$ (14,367)	\$ 48,615	\$ 6,480	\$ (17,332)	\$ 54,893

Community Lawyers Inc

Statement of Activities

January May 2020

	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Total
Income						
4000 Program Income						\$ -
4100 Consulting Income	\$ 6,295					\$ 6,295
Total 4000 Program Income	\$ 6,295	\$ -	\$ -	\$ -	\$ -	\$ 6,295
4200 Contributions, Grants, and Contracts						\$ -
4201 Legal Aid Contribution	\$ 500					\$ 500
4203 ADAMMA Foundation Contribution						\$ -
4204 California Community Foundation						\$ -
4207 Naleo Foundation						\$ -
4208 Other Foundations						\$ -
4300 Individual Donation						\$ -
4302 Other Contributions					\$ 13	\$ 13
Total 4200 Contributions, Grants, and Contracts	\$ 500	\$ -	\$ -	\$ -	\$ 13	\$ 513
4400 Fundraising revenue						\$ -
Total Income	\$ 6,795	\$ -	\$ -	\$ -	\$ 13	\$ 6,808
Gross Profit	\$ 6,795	\$ -	\$ -	\$ -	\$ 13	\$ 6,808
Expenses						
5000 Program Services Expenses						\$ -
5100 Salaries & related costs						\$ -
5101 Salaries & Wages	\$ 11,440	\$ 3,772	\$ 3,680	\$ 3,680	\$ 3,680	\$ 26,252
5102 Payroll Taxes	\$ 1,177	\$ 364	\$ 260	\$ 282	\$ 282	\$ 2,364
5103 Payroll processing fees	\$ 170	\$ 84	\$ 84	\$ 84	\$ 126	\$ 548
5104 Unemployment Insurance (EDD)						\$ -
5106 Employee Benefits/Gifts						\$ -
Total 5100 Salaries & related costs	\$ 12,787	\$ 4,220	\$ 4,024	\$ 4,046	\$ 4,088	\$ 29,163
5200 Insurance Expense						\$ -
5201 Insurance – General Liability	\$ 51	\$ 51	\$ 51	\$ 51	\$ 51	\$ 255
5202 Insurance-Medical	\$ 1,039	\$ 696	\$ 696	\$ 696	\$ 696	\$ 3,823
5203 Insurance-Workers Comp						\$ -
Total 5200 Insurance Expense	\$ 1,090	\$ 747	\$ 747	\$ 747	\$ 747	\$ 4,078
5300 Facilities & Equipment Expenses						\$ -
5301 Rent Expense	\$ 1,000	\$ 1,000	\$ 1,000		\$ 2,000	\$ 5,000
5302 Equipment lease	\$ 412	\$ 412	\$ 412	\$ 412	\$ 412	\$ 2,062
5303 Furniture Expense						\$ -
5304 Repairs & Maintenance	\$ 559	\$ 342	\$ -	\$ 18		\$ 918
5306 Utilities	\$ 462	\$ 456	\$ 481	\$ 460	\$ 465	\$ 2,323
5307 Office cleaning		\$ 100				\$ 100
Total 5300 Facilities & Equipment Expenses	\$ 2,433	\$ 2,310	\$ 1,893	\$ 890	\$ 2,877	\$ 10,404
5305 Computer – Software		\$ 240				\$ 240
5400 Contract Service Expense						\$ -
5401 Executive Director						\$ -
5405 Development Consulting/Grant writing		\$ 900		\$ 1,100		\$ 2,000
5410 Professional Fees			\$ 100			\$ 100
Total 5400 Contract Service Expense	\$ -	\$ 900	\$ 100	\$ 1,100	\$ -	\$ 2,100
5701 Website maintenance						\$ -
Total 5000 Program Services Expenses	\$ 16,310	\$ 8,417	\$ 6,764	\$ 6,783	\$ 7,712	\$ 45,985
6000 Management and General Expenses						\$ -
6001 Office Supplies & Software	\$ 30	\$ 4		\$ 12		\$ 45
6200 Meals & Entertainment						\$ -
6250 Travel		\$ (6)				\$ (6)
6300 Taxes & Licenses	\$ 132					\$ 132
Total 6000 Management and General Expenses	\$ 162	\$ (2)	\$ -	\$ 12	\$ -	\$ 171
7000 Fundraising Expense	\$ 40		\$ 224			\$ 264
Total Expenses	\$ 16,511	\$ 8,415	\$ 6,988	\$ 6,795	\$ 7,712	\$ 46,421
Net Operating Income	\$ (9,716)	\$ (8,415)	\$ (6,988)	\$ (6,795)	\$ (7,699)	\$ (39,613)
Net Income	\$ (9,716)	\$ (8,415)	\$ (6,988)	\$ (6,795)	\$ (7,699)	\$ (39,613)

Community Lawyers Inc

Statement of Financial Position

As of May 31, 2020

	Total
ASSETS	
Current Assets	
Bank Accounts	
1000 Cash & Cash Equivalents	
1001 Wells Fargo Bank	\$ 97,791
1002 Petty Cash	\$ 500
Total 1000 Cash & Cash Equivalents	<u>\$ 98,291</u>
Total Bank Accounts	<u>\$ 98,291</u>
Other Current Assets	
1200 Grants Receivable	\$ -
Total Other Current Assets	<u>\$ -</u>
Total Current Assets	<u>\$ 98,291</u>
TOTAL ASSETS	\$ 98,291
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2100 PPP/EIDL Loan	\$ 13,806
Total 2000 Other Current Liabilities	<u>\$ 13,806</u>
Total Current Liabilities Accounts	<u>\$ 13,806</u>
Total Liabilities	<u>\$ 13,806</u>
Equity	
Retained Earnings	\$ 124,098
Net Income	\$ (39,613)
Total Equity	<u>\$ 84,485</u>
TOTAL LIABILITIES AND EQUITY	\$ 98,291

Community Lawyers, Inc.

PROFIT AND LOSS

January - December 2019

	TOTAL
Income	
4000 Program Income	
4100 Consulting Income	24,534.07
Total 4000 Program Income	24,534.07
4200 Contributions, Grants, and Cont	
4201 Legal Aid Contribution	5,250.00
4203 ADAMMA Foundation Contribution	10,000.00
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4207 Naleo Foundation	21,273.86
4208 Other Foundations	60,250.00
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4401 Justice Jam Income	19,535.00
Total 4400 Fundraising revenue	23,389.39
Total Income	\$221,601.66
GROSS PROFIT	\$221,601.66
Expenses	
5000 Program Services Expenses	
5100 Salaries & related costs	
5101 Salaries & Wages	64,298.12
5102 Payroll Taxes	11,749.22
5103 Payroll processing fees	898.94
5104 Unemployment Insurance (EDD)	624.63
5106 Employee Benefits/Gifts	540.44
Total 5100 Salaries & related costs	78,111.35
5200 Insurance Expense	
5201 Insurance General Liability	1,765.00
5202 Insurance-medical	4,363.52
5203 Insurance-Workers Comp	659.00
Total 5200 Insurance Expense	6,787.52
5300 Facilities & Equipment Expenses	
5301 Rent Expense	12,000.00
5302 Equipment lease	3,713.15
5303 Furniture Expense	3,450.43
5304 Repairs & Maintenance	330.82
5306 Utilities	6,168.16
5307 Office cleaning	1,220.00
Total 5300 Facilities & Equipment Expenses	26,882.56

Community Lawyers, Inc.

PROFIT AND LOSS

January - December 2019

	TOTAL
5305 Computer Software	8,813.83
5400 Contract Service Expense	
5401 Professional Fees	5,444.50
5405 Development Consulting/Grant wr	8,325.00
Total 5400 Contract Service Expense	13,769.50
5404 Justice Jam Expense	7,664.99
5500 Travel	5,381.42
5501 Meals & Entertainment	542.32
5701 Website maintenance	31.98
Total 5000 Program Services Expenses	147,985.47
6000 Management and General Expenses	
6001 Office Supplies & Software	2,456.43
6300 Taxes & Licenses	20.00
Total 6000 Management and General Expenses	2,476.43
7000 Fundraising Expense	873.40
Contractors	15,373.75
Total Expenses	\$166,709.05
NET OPERATING INCOME	\$54,892.61
NET INCOME	\$54,892.61

Community Lawyers, Inc.

BALANCE SHEET

As of December 31, 2019

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Cash & Cash Equivalents	
1001 Wells Fargo Bank	122,238.20
1002 Petty Cash	500.00
Total 1000 Cash & Cash Equivalents	122,738.20
Total Bank Accounts	\$122,738.20
Accounts Receivable	
Other Receivable	1,360.00
Total Accounts Receivable	\$1,360.00
Other Current Assets	
1200 Grants Receivable	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$124,098.20
TOTAL ASSETS	\$124,098.20
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Clearing	0.00
Total Other Current Liabilities	\$0.00
Total Current Liabilities	\$0.00
Total Liabilities	\$0.00
Equity	
32000 Retained Earnings	69,205.59
Net Income	54,892.61
Total Equity	\$124,098.20
TOTAL LIABILITIES AND EQUITY	\$124,098.20

Community Lawyers Inc (CLI)
2021 ELIGIBILITY REVIEW CONFERENCE
AUGUST 4, 2020

Excerpts from Governing Authorities

California Business & Professions Code §6210

The Legislature finds that, due to insufficient funding, existing programs providing free legal services in civil matters to indigent persons, especially underserved client groups, such as the elderly, the disabled, juveniles, and non-English-speaking persons, do not adequately meet the needs of these persons. It is the purpose of this article to expand the availability and improve the quality of existing free legal services in civil matters to indigent persons, and to initiate new programs that will provide services to them. The Legislature finds that the use of funds collected by the State Bar pursuant to this article for these purposes is in the public interest, is a proper use of the funds, and is consistent with essential public and governmental purposes in the judicial branch of government. The Legislature further finds that the expansion, improvement, and initiation of legal services to indigent persons will aid in the advancement of the science of jurisprudence and the improvement of the administration of justice.

California Business & Professions Code §6213

As used in this article:

(a) “Qualified legal services project” means either of the following:

(1) A nonprofit project incorporated and operated exclusively in California that provides as its primary purpose and function legal services without charge to indigent persons and that has quality control procedures approved by the State Bar of California.

[subsections (a)(2), (b) and (c) omitted]

(d) “Indigent person” means a person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free services under the Older Americans Act or Developmentally Disabled Assistance Act. With regard to a project that provides free services of attorneys in private practice without compensation, “indigent person” also means a person whose income is 75 percent or less of the maximum levels of income for lower income households as defined in Section 50079.5 of the Health and Safety Code. For the purpose of this subdivision, the income of a person who is disabled shall be determined after deducting the costs of medical and other disability-related special expenses.

[subsections (e) through (k) omitted]

California Business & Professions Code §6214

[subsections (a) omitted]

(b) Projects meeting the requirements of subdivision (a) of Section 6213 but not qualifying under the presumption specified in subdivision (a) shall qualify for funds under this article if they meet all of the following additional criteria:

(1) They receive cash funds from other sources in the amount of at least twenty thousand dollars (\$20,000) per year to support free legal representation to indigent persons.

(2) They have demonstrated community support for the operation of a viable ongoing program.

(3) They provide one or both of the following special services:

(A) The coordination of the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California.

(B) The provision of legal representation, training, or technical assistance on matters concerning special client groups, including the elderly, the disabled, juveniles, and non-English-speaking groups, or on matters of specialized substantive law important to the special client groups.
(Added by Stats. 1981, Ch. 789, Sec. 1.)

California Business & Professions Code § 6216

The State Bar shall distribute all moneys received under the program established by this article for the provision of civil legal services to indigent persons. The funds first shall be distributed 18 months from the effective date of this article, or upon such a date, as shall be determined by the State Bar, that adequate funds are available to initiate the program. Thereafter, the funds shall be distributed on an annual basis. All distributions of funds shall be made in the following order and in the following manner:

(a) To pay the actual administrative costs of the program, including any costs incurred after the adoption of this article and a reasonable reserve therefor.

(b) Eighty-five percent of the funds remaining after payment of administrative costs allocated pursuant to this article shall be distributed to qualified legal services projects. Distribution shall be by a pro rata county-by-county formula based upon the number of persons whose income is 125 percent or less of the current poverty threshold per county. For the purposes of this section, the source of data identifying the number of persons per county shall be the latest available figures from the United States Department of Commerce, Bureau of the Census.

Projects from more than one county may pool their funds to operate a joint, multicounty legal services project serving each of their respective counties.

(1) (A) In any county which is served by more than one qualified legal services project, the State Bar shall distribute funds for the county to those projects which apply on a pro rata basis, based upon the amount of their total budget expended in the prior year for legal services in that county as compared to the total expended in the prior year for legal services by all qualified legal services projects applying therefor in the county. In determining the amount of funds to be allocated to a qualified legal services project specified in paragraph (2) of subdivision (a) of Section 6213, the State Bar shall recognize only expenditures attributable to the representation of indigent persons as constituting the budget of the program.

(B) The State Bar shall reserve 10 percent of the funds allocated to the county for distribution to programs meeting the standards of subparagraph (A) of paragraph (3) and paragraphs (1) and (2) of subdivision (b) of Section 6214 and which perform the services described in subparagraph (A) of paragraph (3) of Section 6214 as their principal means of delivering legal services. The State Bar shall distribute the funds for that county to those programs which apply on a pro rata basis, based upon the amount of their total budget expended for free legal services in that county as compared to the total expended for free legal services by all programs meeting the standards of subparagraph (A) of paragraph (3) and paragraphs (1) and (2) of subdivision (b) of Section 6214 in that county. The State Bar shall distribute any funds for which no program has qualified pursuant hereto, in accordance with the provisions of subparagraph (A) of paragraph (1) of this subdivision.

(2) In any county in which there is no qualified legal services projects providing services, the State Bar shall reserve for the remainder of the fiscal year for distribution the pro rata share of funds as provided for by this article. Upon application of a qualified legal services project proposing to provide legal services to the indigent of the county, the State Bar shall distribute the funds to the project. Any funds not so distributed shall be added to the funds to be distributed the following year.

[subsection (c) omitted]

California Business & Professions Code § 6218

All legal services projects and support centers receiving funds pursuant to this article shall adopt financial eligibility guidelines for indigent persons.

(a) Qualified legal services programs shall ensure that funds appropriated pursuant to this article shall be used solely to defray the costs of providing legal services to indigent persons

or for such other purposes as set forth in this article.

[subsection (b) omitted]

State Bar Rule 3.671: Primary purpose and function

- (A) A qualified legal services project is required by statute to have as its primary purpose and function providing legal services without charge to indigent persons. A qualified legal services project applying for Trust Fund Program funds is presumed to have such a purpose and function if 75% or more of the budget for the fiscal year for which it is seeking funds is designated to provide free legal services to indigents, and 75% or more of its expenditures for the most recent reporting year were incurred for such services. The calculation of 75% of expenditures may include a reasonable share of administrative and overhead expenses.

[subsection (B) omitted]

- (C) A qualified legal services project or qualified support center that does not meet the 75% test may nevertheless apply, provided that the applicant can satisfactorily demonstrate that it meets the primary purpose and function requirement by other means.

State Bar Rule 3.672: Delivery of legal services

- (A) "Legal services" include all professional services provided by a licensee of the State Bar and similar or complementary services of a law student or paralegal under the supervision and control of a licensee of the State Bar in accordance with law.

[subsection (B) omitted]

State Bar Rule 3.680 Application for Trust Fund Program grants

To be considered for a Trust Fund Program grant, a qualified legal services project or qualified support center seeking a Trust Fund Program grant must submit a timely and complete application for funding in the manner prescribed by the Commission. The applicant must agree to use any grant in accordance with grant terms and legal requirements.

- (A) A qualified legal services project must meet statutory criteria.

[subsections (B) through (D) omitted]

- (E) An application must include
- (1) an audited financial statement by an independent certified public accountant for the fiscal year that concluded during the prior calendar year. A financial review in lieu of an audited financial statement may be submitted by an applicant whose gross corporate expenditures were less than the amount specified in the Schedule of Charges and Deadlines;
 - (2) information about the maintenance of quality service and professional standards and how the applicant maintains standards, such as internal quality control and review procedures; experience and educational requirements of attorneys and

paralegals; supervisory structure, procedures, and responsibilities; job descriptions and current salaries for all filled and unfilled professional and management positions; and fiscal controls and procedures

[subsections (E)(3) and (E)(4) omitted]

Eligibility Guidelines for Legal Services Projects 1.4

If the Commission or staff requests any further information relating to an applicant's eligibility, or related to the amount of the allocation under the Legal Services Trust Fund Program, the applicant must supply that information. However, the Commission is not required to notify applicants if their initial application fails to include information sufficient to demonstrate eligibility. Failure to provide information necessary to the Commission's decisions on eligibility or eligible expenditures (or failure to supply requested information relevant to those decisions) will be grounds for denial of eligibility, or for refusal to recognize part of the applicant's expenditures within the allocation formula.

Eligibility Guidelines for Legal Services Projects 2.3

2.3 The application must demonstrate through objective information that the organization:

Commentary:

Objective information must be provided to assure that you meet the definitional provisions of Guideline 2.3. Such information must describe the organization specifically and factually, using quantitative information where needed, to demonstrate that it meets each of the requirements of Guidelines 2.3.1-2.3.5. [B&P Code §6213(a); Rules 3.670(A), 3.671(A), 3.680(E)(2)]

Quantitative information that may demonstrate how that organization's services meet the requirements includes the following: numbers of clients who were served during the previous year; hours of time spent on different kinds of services, or on services to different clients in the previous year; accounting records for expenses incurred in providing different kinds of services or services to different clients during the previous year.

If you rely on estimates to demonstrate that you have met these requirements, you must demonstrate that the estimates were derived by a method that is reasonably related to the actual expenditure of funds, and explain the basis of the estimates

Eligibility Guidelines for Legal Services Projects 2.3.1

2.3.1. provides civil legal services

Commentary:

You must provide legal services within the definition of Rule 3.672(A). That rule provides that "legal services include all professional services provided by a member of the State Bar, and similar or complementary services of a law student or a paralegal under the supervision and control of a member of the State Bar in accordance with law." If your organization provides services in 6 addition to legal services, your application must describe those other activities, identify the percentage of the overall services provided that are not legal services, and state the basis by which you computed that percentage. [Rule 3.671(A)]

Eligibility Guidelines for Legal Services Projects, Guideline 2.3.2

2.3.2. without charge

Commentary:

Payments by clients for costs and expenses or a processing fee of \$20 or less shall not be considered a “charge” for legal services, so long as the processing fee is administered so that it does not prevent indigent persons from receiving services. If you charge a processing fee, you must establish procedures for waiving the fee for all clients who cannot afford it. You must inform prospective clients of the availability of a waiver at the same time and in the same manner that they are informed of the fee, and in a language the client can understand.

If you charge a processing fee, your application must include information about established procedures for waiving the fee for clients who cannot afford it. The maximum of \$10 per processing fee will be regarded as a qualified expenditure.

If you charge some clients amounts in excess of costs, your application must state the percentage of your work in which such charges are made, and the basis for computing that percentage.

If attorneys’ fees are generated through court awards, such fees must be used to provide further civil legal services without charge to indigent persons. [Rule 3.673(B)]

“Costs and expenses” include any out-of-pocket expenses incurred by the organization (or by pro bono attorneys recruited by the organization), including recoverable costs of litigation, copying charges, telephone charges, postage charges, and other out-of-pocket expenses normally charged to clients by attorneys in private practice. An applicant may be considered as providing legal services without charge within the meaning of Guideline 2.3.2 in spite of charges to clients for such items. [Rule 3.673(B)]

Eligibility Guidelines for Legal Services Projects, Guideline 2.3.4

2.3.4. who are indigent

Commentary:

An indigent person is defined by the Business and Professions Code §§6213(d), 6213(g), 6213(h), and 6213(i) as follows: “Indigent person means a person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free services under the Older Americans Act or Developmentally Disabled Assistance Act. With regard to a project which provides free services of attorneys in private practice without compensation, indigent person also means a person whose income is 75 percent or less of the maximum levels of income for lower income households as defined in §50079.5 of the Health and Safety Code. For the purpose of this subdivision, the income of a person who is disabled shall be determined after deducting the costs of medical and other disability-related special expenses.”

Your application must state the percentage of your organization's services that were provided during the previous calendar year to clients who did not fall within this definition. You must adopt written financial eligibility guidelines. If your eligibility criteria includes persons who are not indigent within the definition of §6213(d) above, explain how you determined the percentage of clients served that falls outside the definition. If you did not have written financial eligibility guidelines in the prior year, your application must explain the basis of your computation of percentage and supply objective support for the computation. [B&P Code §§6213(d) and 6218]

If you provide legal services for the benefit of a group or class of persons beyond the specific individuals or organizations who are your clients, you may consider the services as "legal services provided to indigent persons" only if the legal matter is primarily for the benefit of indigent persons.

In determining whether a legal matter is primarily for the benefit of indigent persons, the Commission may consider the following factors and any others that aid in making that determination: (1) the forum in which the matter is being pursued, e.g., courts, administrative agency, legislature, etc.; (2) whether named clients are indigent persons or qualifying organizations (under Commentary 2.3.3 above); (3) in the case of a class action, the definition of the class contained in the complaint and proposed or actual class certification orders; (4) a description of the group of individuals that would benefit from a favorable resolution of the legal matter; (5) whether a majority of those who would benefit are indigent persons; (6) the relation of the legal issues raised by the matter to the needs of indigent persons; and (7) whether indigent persons are disproportionately impacted by the legal issues raised by the matter.

If legal services for the benefit of a group or class of persons beyond the specific individuals or organizations who are your clients constitute more than ten percent of your legal services, your application must identify the ten such legal matters on which you expended the largest amount of funds in the prior calendar year. For each of the matters so identified in your application, describe who would benefit from the services, state whether the matter is primarily for the benefit of indigent persons and, if so, explain the reasons you reached that conclusion. For any such matter that is primarily for the benefit of indigent persons, your description should include the information listed as items (1) through (7) in the preceding paragraph; you must quantify the percentage of your clients who are indigent persons (or organizations qualifying under Commentary 2.3.3 above) and the percentage of the persons who would benefit from the services who are indigent persons. Explain the basis of this information. You need not disclose information protected by the attorney-client privilege.

If some portion of your legal services are for the benefit of a group or class of persons beyond your specific clients and are not primarily for the benefit of indigent persons, identify the percentage of overall services provided in such matters and explain the basis of your computation.

Eligibility Guidelines for Legal Services Projects 2.3.5

2.3.5. as the primary purpose and function of the corporation.

Commentary:

Your application must state the net percentage of the corporation's overall expenses that were incurred in the previous calendar year to provide civil legal services without charge to persons who are indigent. You are required to demonstrate the corporation's primary purpose, and not simply the primary purpose of a part of the corporation. (If your project is operated by a law school, see the last section of this Commentary on Guideline 2.3.5.) If more than 75 percent of the corporation's expenditure budget for the fiscal year for which it is seeking an allocation is designated for the provision of civil legal services without charge to persons who are indigent, and if 75 percent of its expenditures for the most recent reporting year were incurred for such legal services, the corporation will be presumed to meet the primary purpose and function test. In demonstrating your compliance with this 75 percent test, you cannot include the value of donated services. [Rule 3.671(A)]

An applicant not qualifying for the 75 percent presumption may nevertheless apply for an allocation, demonstrating its purpose and function by other means. An applicant not qualifying for the presumption shall state separately each purpose and function of the corporation, and state what percentage of the expenditures in the most recent calendar year, and what percentage of the budget in the upcoming year, are allocated to each of these separate purposes and functions. The application shall further state the basis for these allocations. [Rule 3.671(C)]

In addition to this submission of expenditure and of budget information, primary purpose and function can be additionally supported by historic expenditure information, by the organization's stated purpose in articles, bylaws or policy statements or case priority guidelines, or by the demonstrated track record of the applicant in providing legal services without charge to indigent persons.

An applicant that operated in previous years as a project within an organization providing substantial services other than legal services to indigent persons, or as an entity other than a corporation, but which has since become a separate California nonprofit corporation whose primary purpose and function is the provision of legal services without charge to indigent persons, may establish its status as a qualified legal services project and its proportionate entitlement to funds based upon financial statements which strictly segregate that portion of the organization's expenditures in prior years which were devoted to civil legal services for indigents. Thus, if you are recently incorporated and previously operated as a part of an umbrella organization, you may utilize the expenditures of your predecessor organization so long as financial statements strictly segregate the expenditures for such legal services.

If your legal services program is operated by an accredited nonprofit law school, you are required only to demonstrate the program's primary purpose, and not the corporation's primary purpose. Your program must be operated exclusively in California and the law

school must be accredited by the State Bar of California. The program must have operated for at least two years at a cost of at least \$20,000 per year, as an identifiable law school unit with the primary purpose and function of providing civil legal services without charge to indigent persons. The program may meet the primary purpose test according to the 75 percent test described above or by demonstrating its purpose and function through other means described above. [B&P Code §6213(a)(2)]

Eligibility Guidelines for Legal Services Projects 2.7

2.7 The application must include a financial statement that includes the total expenditures of the applicant. The financial statement must meet the requirements of Guideline 2.7.1 below.

Eligibility Guidelines for Legal Services Projects 2.7.1

2.7.1. The statement must show expenditures for the completed fiscal year ended most recently before the application deadline, and must be audited or reviewed by an independent certified public accountant. A financial review, in lieu of an audited financial statement, may be submitted by an applicant whose gross corporate expenditures were less than the amount specified in the Schedule of Charges and Deadlines. Applicants must submit a financial statement no later than 90 days after the end of their fiscal year. The required financial statement must be received prior to the disbursement of any funds from the Legal Services Trust Fund Program.

Commentary:

Independent CPA-audited or reviewed statements are required of organizations with gross expenditures of less than \$500,000. Organizations with gross 13 expenditures in excess of \$500,000 must submit audited statements. If such a statement is unavailable at the time of the application, you may substitute an approximated financial statement, but you must submit an audited or reviewed statement no more than 90 days after the end of their fiscal year. [B&P Code §6222; Rule 3.680(E)(1); Schedule of Charges and Deadlines]

American Bar Association's Standards for the Provision of Civil Legal Aid

STANDARD 2.7: Integrating the Resources of the Legal Profession and Involvement of Members of the Bar

A legal aid provider should maintain ongoing, effective communication with the lawyers on its panel and strive to fashion a policy that responds to the interests of the lawyers, while maximizing the service offered to clients. The provider should periodically reassess its utilization of members of the bar and should adjust its approach as appropriate to reflect the changing interests of the attorneys and the changing needs of its clients.

Appropriate institutional support. A legal aid provider should dedicate resources to support the infrastructure necessary to support its efforts to integrate the resources of the legal

profession in its work. It should make an adequate commitment of its own resources to be used in conjunction with those available from the bar to recruit, train and provide backup assistance to members of the bar who represent legal aid clients. That calls for support from both the governing body of the organization and from senior management. The provider should make certain that adequate financial resources are provided to support the effective operation of its private attorney component. Staff of the component should be well trained and should have the skills and capability to interact effectively private practitioners and with the leadership of the bar. The provider should assure that it has sufficient staff to recruit members of the bar, to assign cases properly, to follow-up on referrals and to provide appropriate support.

American Bar Association's Standards for the Provision of Civil Legal Aid

STANDARD 1.2-4 Governing Body Members' Conflicts of Interest

Governing body members must not knowingly attempt to influence any decisions in which they have a conflict with the provider or its clients.

COMMENTARY

General considerations

No member of the governing body should participate in a decision in which the member has a personal, professional, organizational or institutional interest that is in conflict with the interests of the provider or its clients. The governing body has a responsibility to adopt appropriate policies that protect against conflicts of interest and provide appropriate guidance to its members regarding their responsibilities in the event that a conflict arises.

A potential conflict of interest may arise in a variety of ways:

- When a governing body member has a personal or pecuniary interest in a matter that is under consideration by the provider;
- When a member is employed by or associated with an organization that has a competing or adverse interest with that of the provider;
- When a member has a personal or institutional interest that is in conflict with interests of the low income communities served by the provider;
- When a member represents a client whose interests are adverse to the interests of a client of the provider, although the clients are not direct adversaries in a particular case; or
- When a member represents a client who is a direct adversary of a client of the provider in a specific case.

The provider should adopt policies, consistent with the ethical requirements and the law governing conflicts of interest in the jurisdiction in which the provider operates, that assure that any conflicts are effectively managed. The policies should define what constitutes a conflict of interest. Generally, a conflict of interest exists if a governing body member's judgment is – or may be – influenced by considerations of personal gain or benefit, or of gain or benefit to a third party. When the potential conflict of interest involves a client of the

governing body member, of the provider or of both, ethical considerations may govern whether there is a conflict and the policy should provide guidance regarding the professional obligations of the provider and the governing body member.

The policies should also instruct the governing body and its members regarding what to do in the event that a conflict does arise. Generally, the fact of a conflict must be disclosed and the member cannot participate in any discussion or vote on any matter that gives rise to the conflict. The policy should make it clear that a governing body member with a conflicting interest also has an obligation to avoid influencing the operation of the provider by any indirect means, such as in decisions regarding priorities, allocation of resources, or provider structure. The policy should also prohibit any governing body member with a potential conflict from informally seeking to influence the conduct of legal work or the operation of the provider.



The State Bar *of California*

DATE: August 6, 2020

TO: Members, Legal Services Trust Fund Commission

FROM: Members – LSTFC Eligibility & Budget Review Committee

SUBJECT: East Bay Family Defenders: Eligibility Recommendation for 2021 IOLTA and EAF Funding

EXECUTIVE SUMMARY

East Bay Family Defenders (EBFD) is a new applicant for funding as a Qualified Legal Services Project (QLSP) providing services in Alameda County. EBFD was incorporated in California in December 2017 and launched in September 2018.

EBFD's mission is to keep families together and minimize the time children spend in foster care. The organization was founded on the premise that strong, interdisciplinary family defense is the most potent means of interrupting intergenerational cycles of foster care that harm children, their families, and their communities.

The Eligibility and Budget Review Committee requested an Eligibility Review Conference to consider the following two issues raised by the IOLTA/EAF application:

1. Until the recent change implemented on July 1, 2020 to begin collecting client income information, EBFD was not conducting income screening during its client intake process.
2. While EBFD employs a full-time licensed clinical social worker and two senior parent advocates to assist approximately 10% of its clients in support of its legal representation, it is unclear how much of EBFD's social work is tied to actual legal outcomes which impacts their qualified expenditures percentage and their potential funding allocation.

The Eligibility Review Conference was held on July 27, 2020, and Co-Executive Directors, Eliza Patten and Zabrina Alequire and EBFD's CPA, Ragini Singh attended on behalf of the organization. The Eligibility and Budget Review Committee's working group members Banafsheh Akhlaghi, Pamela Bennett, and Corey Friedman, as well as staff members Erica Carroll, Brady Dewar, Doan Nguyen, and Greg Shin attended on behalf of the State Bar.

BACKGROUND

Organizational Description

According to its application, “EBFD was co-founded by Eliza Patten and Zabrina Aleguire, experienced juvenile dependency attorneys, to prioritize the reunification of families separated by child protective authorities in Alameda County..EBFD was founded on a commitment to nationally-recognized, fundamental attributes of quality legal representation for children and parents in the child welfare system and is participating as a demonstration site with the American Bar Association's Family Justice Initiative for implementation and measurement of improved outcomes resulting from strengthened legal representation.” EBFD was incorporated as a 501(c)(3) nonprofit organization in California on December 29, 2017.

Since September 1, 2018, EBFD has been providing court-appointed dependency counsel services to the Superior Court of California, County of Alameda. EBFD attorneys staff each of the Alameda County Superior Court’s three Family Treatment Courts and represent parent clients and conflict child clients in all stages of dependency proceedings. In its first year, EBFD served 2,000 clients and closed 800 cases. EBFD attorneys work collaboratively with their clients and, in some cases, with the support of an in-house social worker or peer parent advocate, to holistically understand client needs and develop a case strategy.

Governing Authorities

Business and Professions Code section 6213(d) (definition of indigent person):

“Indigent person” means a person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free services under the Older Americans Act or Developmentally Disabled Assistance Act. For the purpose of this subdivision, the income of a person who is disabled shall be determined after deducting the costs of medical and other disability related special expenses.

State Bar Rule 3.671(A) (“primary purpose”):

A qualified legal services project is required by statute to have as its primary purpose and function providing legal services without charge to indigent persons. A qualified legal services project applying for Trust Fund Program funds is presumed to have such a purpose and function if 75 percent or more of the budget for the fiscal year for which it is seeking funds is designated to provide free legal services to indigent clients, and 75 percent or more of its expenditures for the most recent reporting year were incurred for such services. The calculation of 75 percent of expenditures may include a reasonable share of administrative and overhead expenses.

State Bar Rule 3.672(A) (“legal services”):

“Legal services” include all professional services provided by a licensee of the State Bar and similar or complementary services of a law student or paralegal under the supervision and control of a licensee of the State Bar in accordance with law.

DISCUSSION

To be found to meet the definition of a QLSP, an organization must have a primary purpose to provide free civil legal aid in California to indigent individuals. In addition, pursuant to current office practice interpreting the definition of “legal services,” an organization providing social work must demonstrate that work is tied to legal services/outcomes and can therefore be considered as qualifying in determining if they meet the primary purpose test.

A. Income Eligibility for Services/Primary Purpose Calculation

As noted above, QLSPs are defined as organizations having the primary purpose and function of providing legal services without charge to indigent persons, as defined. State Bar Rules reiterate this standard, and further provide that this primary purpose may be presumed if 75 percent or more of the organization’s expenditures were incurred providing legal services without charge to indigent people.¹ Grant allocations for both IOLTA and EAF grants are calculated based upon each organization’s total expenditures for legal services in the prior year.²

Prior to July 1, 2020, when a new intake process was implemented to begin collecting client income information, EBFD was NOT conducting income screening, thus preventing calculation of their qualifying expenditures percentage. EBFD indicated that unlike other courts that require indigence screening of clients per the Judicial Council of California’s program for determining eligibility for court-appointed counsel, the Alameda Superior Court did not require, nor was it interested in requiring, any form of income screening.

EBFD’s pre-July 1, 2020 intake process only approximated indigence level based on income source and housing status as captured in their intake form. Income options included: Unemployed/No Income, Public Benefits (including unemployment and retirement), Paid Part-Time Work, and Paid Full-time Work. Housing status options included several options for insecure housing (car, park, street, motel, transitional housing, incarceration, and living with others without paying rent), as well as renting a home or owning a home. At the Eligibility Review Conference, EBFD was asked about its ability to further break down its client data to demonstrate indigence based on screening factors like homeless clients or clients receiving CalWorks benefits. They acknowledged that they could segregate their data based on the various questions on their intake form but that their overall data collection in this area was limited.

Acknowledging that its own data on income eligibility was insufficient to measure indigence, EBFD looked to Dependency Advocacy Center³ (DAC) in Santa Clara County, a similar size dependency jurisdiction as a proxy for income screening. EBFD expressed its belief that because Santa Clara County is a similarly sized county with similar population statistics as Alameda

¹ State Bar Rule 3.671(A).

² Business & Professions Code § 6216(b)(1)(A).

³ DAC provided fiscal sponsorship to EBFD when it got started.

County, it would serve as a reliable proxy for income screening purposes⁴. Therefore, EBFD utilized DAC's income eligibility statistics and estimated that approximately 15% of the clients served would not qualify as indigent as defined by the IOLTA statute. They then took 15% of their attorney salaries expense and deducted that amount as non-qualifying yielding their 97.79% qualified expenditures percentage. Even assuming that their estimation of 15% non-indigent clients was acceptable, it was pointed out that EBFD should have not only applied the 15% against attorney salaries but against other personnel and administrative/overhead expenses under the premise that if 15% of their clients are not indigent, then approximately 85% of EBFD's expenditures should be considered qualifying (following further communication with DAC, EBFD subsequently revised its application to reflect a 20% non-indigency estimate which yielded a revised 80% qualifying expenditures percentage).

EBFD was also asked about its intended use of IOLTA funds if approved for funding and it cited a number of projects that it would like to pursue, separate and apart from its current work funded by the Judicial Council including:

- Representing clients who are placed in California's Child Abuse Central Index (CACI) registry in administrative hearings. They believe this could have significant impact on clients' ability to find employment in certain industries like child care and healthcare, improving their economic situations.
- Working on special education advocacy efforts for its clients' children who have individualized education programs (IEPs).
- Working on introducing legal standardization and reform in the practices of the Juvenile Dependency Court in terms of regulating potential over-medication of children in foster care.

B. Deducting Potentially Non-Qualified Legal Services

"Legal services" are defined by State Bar Rules as including all professional services of an attorney, and similar or complementary services of a law student or paralegal under the supervision and control of an attorney.⁵

EBFD employs an interdisciplinary family defense team model in which social work and peer parent advocate support is used to assess and respond to client needs, strengthen attorney-client communication and client engagement, and advance clients' legal goals and objectives. The attorney oversees the case and provides direction to the social worker and peer parent advocate who operate as agents of the attorney in advancing the legal representation.

While EBFD was compelling in its description of the work conducted by its social worker and peer parent advocates as critical in the context of advancing clients' legal goals and objectives, it is not clear whether all of the services like assisting clients with mental health issues or assisting with intake into substance abuse treatment are legal services as defined by the State

⁴ According to EBFD, Alameda County has a higher poverty rate than Santa Clara County which was confirmed by staff's review of the 2018 United States Census Bureau data.

⁵ State Bar Rule 3.672(A).

Bar Rules. EBFD further emphasized that the work performed by its social worker and peer parent advocates in helping clients navigate their mental health or cognitive issues and complying with substance abuse treatment participation can and oftentimes do impact legal case outcomes.

Current office practice acknowledges that the successful provision of legal services can involve the assistance of social workers or other advocates. Social services work must, however, tie directly to the legal services work in order for it to be considered a component of legal services. This issue will be reviewed further during the rules codification process.

C. Committee Recommendation

The Committee recommends that EBFD be found not eligible for IOLTA/EAF grants in 2021 since it has only begun conducting income screening as of July 1, 2020 and is therefore unable to generate its qualifying expenditures calculation to determine whether it meets the primary purpose requirement of providing legal services without charge to indigent persons. In addition, the Committee does not accept EBFD's use of DAC's income screening statistics for Santa Clara as a stand-in for its own income screening in Alameda County. The two counties are not identical and while the use of another county's income statistics may provide a basis for an indigency estimate, it is not a reliable methodology to determine if EBFD meets the primary purpose test.

The Committee acknowledges that following the Eligibility Review Conference, EBFD quickly provided preliminary income data gathered from its new intake process which showed that 100% of its new clients met the indigency standard. While this is encouraging news, the amount of time that the new intake process has been in place (less than 30 days) is insufficient to reliably establish EBFD's primary purpose calculation.

ATTACHMENTS LIST

- A. Excerpts from Governing Authorities: Business & Professions Code; State Bar Rules
- B. EBFD's 2021 IOLTA Application
- C. EBFD's 2019 Audited Financial Statements



Eligibility Category: LSP

Grant Year: 2021

Due Date: June 15, 2020 at 5:00pm PST

[Prepared by: Eliza Patten](#)

Email: **eliza@familydefender.org**
Contact Phone: **510-671-0063**

Funding Opportunity: **IOLTA LSP**
Project Title: **3569-IOLTA LSP-2021-East Bay Family Defenders-268**
Program Name: **East Bay Family Defenders**
Applicant Title: **Co-Executive Director**
Address: **101 Callan Avenue, Suite 210**
City: **San Leandro**

Update Organization Profile

Confirm the organization's record is up to date. To access the Organization Profile, click on the "Review Organization Profile" button to open it in a new page. Review the Organization Profile, including the "Main," "Organization Details," and "Documents" tabs; make any necessary updates, and click Save.

Confirm that the designated Primary and Secondary Contacts are correct. For reference, identified responsible staff are listed below. The "Executive Contact" should be the Executive Director (or Clinic Director for law schools) and should have the authority to sign grant agreements with the State Bar. "Executive Contact" and "Primary Contact" are used interchangeably. Secondary Contacts for an organization will receive the same email communications as the Executive/Primary Contact.

For contact updates in the Organization Profile, contact the organization's SmartSimple User Administrator, identified under roles in the contact tab. Refer to the SmartSimple Managing Contacts user guide posted on the homepage under the "Key Documents & Authorities" section for more information on how to update contact information.

Executive Contact: Eliza Patten
Secondary Contact(s): Zabrina Alegrure,

I verify the information in the Organization Profile is accurate and up to date.



I verify that I have read, and am familiar with, the eligibility guidelines for IOLTA funding for legal services projects.

I. Eligibility Criteria

1. New or Currently Funded Applicant

Initial Funding or Returning Applicant not Currently Funded as a Legal Services Project

2. Applicant Type

A nonprofit corporation that provides civil legal services to the indigent without charge as its primary purpose and function

Upload a letter of support from the law school dean describing the history of the law school clinical program.

3. Applicant Eligibility

Select all that apply

Upload an LSC grant award letter or a subcontract showing the amount of LSC funds awarded through another agency.

Upload a contract, determination letter, or subcontract indicating the amount of Older Americans Act funds awarded.

An organization that receives at least \$20,000 annual cash funds from sources other than the State Bar of California to support free legal representation to indigent persons (as reflected in the Total of Non-State Bar Revenue calculated on Form VI) and can show community support for the program

3.A. Community Support



Describe the community support for the operation of a viable, ongoing program.

East Bay Family Defenders (EBFD) receives funding support from a variety of sources, including Alameda County Behavioral Health Care Services, the California Community Reinvestment Grants Program, the Kaiser Community Benefits Program for Greater Southern Alameda County, Casey Family Programs, the Zellerbach Family Foundation, and the van Loben Sels/RembeRock Foundation. We partner with a local community-based organization, Root & Rebound, to provide peer parent advocate support to our clients who are reentering the community after incarceration, and we collaborate closely with the Alameda County Public Defender's Office. We also contract for clinical consultation services with the Early Intervention Services program at UCSF Benioff Children's Hospital Oakland. We received early support for our founding from the Parent and Caregiver Advisory Group, a subgroup of the Alameda County Children of Incarcerated Parents Partnership (ACCIPP), and we participate regularly in ACCIPP community awareness and education events. We also participate in Alameda County's Family Treatment Court, a collaborative court model serving families involved with the child welfare system who are struggling with substance use disorders.

3.B. Which of the following services does your organization provide?

Provides legal representation, training, or technical assistance on matters concerning indigent special client groups, or substantive law important to special client groups



Special Client Group(s) Served

Nature of Assistance			
Special Client Group Served/ Relevant Substantive Law	Legal Representation	Training	Technical Assistance
Indigent Parents Involved in the Child Welfare System/Juvenile Dependency Law	Yes	No	No
Children Involved in the Child Welfare System/Juvenile Dependency Law	Yes	No	No
Indigent Parents and Children who are Non-English Speaking and Involved in the Child Welfare System/Juvenile Dependency Law	Yes	No	No
Undocumented Indigent Parents and Children Involved in the Child Welfare System/Juvenile Dependency Law	Yes	No	No
Incarcerated Parents Involved in the Child Welfare System/Juvenile Dependency Law	Yes	No	No

II. Description of Organization

Provide a comprehensive but concise description of the entire organization's work in the previous calendar year. Currently funded organizations should not limit responses to activities funded by the State Bar.

Click "Save & Finish Later" after adding counties.

County

Alameda

1. Organization's Mission and Vision



East Bay Family Defenders' mission is to keep families together and minimize the time children spend in foster care. We build collective power and amplify parents' voice in decisions affecting their families; we are interdisciplinary, addressing the root causes that lead to system involvement; and we are connected to the community. EBFD is founded on the premise that strong, interdisciplinary family defense is the most potent means of interrupting intergenerational cycles of foster care that harm children, their families, and their communities.

2. Core Programs

Describe the organization's core programs as reflected in promotional materials (include a summary of all work, not just activities funded by State Bar monies).

East Bay Family Defenders (EBFD) was co-founded by Eliza Patten and Zabrina Aleguire, experienced juvenile dependency attorneys, to prioritize the reunification of families separated by child protective authorities in Alameda County. Eliza and Zabrina each started their legal careers representing parents and then spent years representing children in foster care, which reinforced their conviction to move back upstream to prevent so many children from experiencing displacement from their families and communities in the first place. EBFD became their vision, inspired by the successful models of interdisciplinary parent representation pioneered in New York City. This vision became realized with community-based support from Alameda County Public Defender Brendon Woods, the Alameda County Children of Incarcerated Parents Partnership, and Root & Rebound, which advocates for parents reentering their communities from incarceration. Key to EBFD's launch was fiscal sponsorship by Dependency Advocacy Center (DAC), the organization providing court-appointed interdisciplinary representation to all parents in Santa Clara County.

Since September 1, 2018, East Bay Family Defenders (EBFD), now its own 501(c)(3) nonprofit organization, provides court-appointed dependency counsel services to the Superior Court of California, County of Alameda. EBFD attorneys represent parent clients and conflict child clients in all stages of dependency proceedings. In its first year, EBFD served 2,000 clients and closed 800 cases. EBFD was founded on a commitment to nationally-recognized, fundamental attributes of quality legal representation for children and parents in child welfare system (see FJI Attributes Fact Sheet, attached) and is participating as a demonstration site with the American Bar Association's Family Justice Initiative for implementation and measurement of improved outcomes resulting from strengthened legal representation. Strong interdisciplinary family defense programs in New York City have demonstrated improved outcomes, including increased and more timely reunification of children with parents or family members, just as safely as if they had stayed in foster care longer. (Gerber, 2019).

First and foremost, EBFD attorneys adhere to their ethical duties to their clients, including their professional obligations of competence and diligence. They work collaboratively with their clients and, in some cases, with the support of an in-house social worker or peer parent advocate, to holistically understand client needs and



develop case strategy. EBFD attorneys conduct a thorough and independent investigation, including obtaining and reviewing child welfare agency and service provider records. They zealously pursue clients' case goals and, when consistent with client's interests and objectives, proactively drive the case forward through filing motions, litigating significant legal and factual disputes, and employing experts as needed. They ensure clients' right to attend court hearings, including through filing requests for transportation of parents who are incarcerated. Recognizing that, pursuant to statute, a non-adversarial approach to the resolution of juvenile dependency cases is encouraged, EBFD attorneys use mediation and other informal settlement negotiations to advance clients' objectives and achieve case resolution wherever possible.

A strength-based approach to enhancing parental resilience and caregiving capacity is an integral component of our representation philosophy. This means that EBFD attorneys, together with our EBFD social worker and social work interns, as well as our peer parent advocates, engage with and get to know their clients through out of court advocacy that includes gaining an understanding of our clients' specific trauma history and how that impacts their experience with the child welfare system and also how it impacts the attorney-client relationship. They engage in proactive case planning, help to identify service providers, and advocate for visitation arrangements that promote healthy parent-child attachment and provide opportunities for strengthened parenting skills development. Wherever possible, EBFD staff work to achieve placement arrangements that support a child's connection to family, siblings, education, language, and culture. EBFD staff also routinely refer clients to legal resources to address ancillary legal issues and cooperate and communicate with the client's other legal services providers to ensure coordinated representation.

In cases where it is appropriate and necessary, EBFD files California Rules of Court Sections 8.452 and 8.490 extraordinary writs. EBFD attorneys routinely advise their clients of the right to file Notices of Appeal in all appropriate cases and coordinate with appointed counsel from the First District Appellate Project as needed.

EBFD attorneys staff each of the Alameda County Superior Court's three Family Treatment Courts as well as participating in quarterly Family Treatment Court Workgroup Meetings. EBFD is committed to supporting referrals to Family Treatment Court and to full utilization of this highly effective collaborative court model.

EBFD has provided attorneys with access to integrated social work and peer parent advocate support for a small segment of our clients. We employ one full-time Licensed Clinical Social Worker who provides clinical expertise to support the legal representation as well as help navigating the system for those clients with significant mental health issues. We employ two Senior Parent Advocates who work closely with parents struggling with substance addiction to support engagement and provide encouragement from a place of shared, relevant lived experience. Both our social work and parent advocate staff provide "warm hand-offs" to service providers, meet clients in the community, support them with intake into treatment, a drug assessment or, in the case of our Parent Advocates, attendance at an NA/AA meeting. They provide referrals for additional support outside those mandated by the case plan. Finally, they support clients in meetings with their attorney, with the child welfare worker and service providers, including Child and Family Team Meetings, and with attendance at



court hearings.

3. Client Population

Describe the constituencies served by the organization. Include demographic information, such as age, gender, ethnicity, income levels, and any other characteristics particular to the service population.

EBFD clients are parents and children involved in Alameda County's child welfare system. The vast majority of our clients are parents, and 6% of our clients are children. In the past year (6/1/19 to 5/31/20), we served 1799 clients. On September 1, 2019, we began documenting client demographic data, including introducing a client intake form. We served 1452 clients since 9/1/2019, 806 of whom were female, 642 male, and 4 of unknown gender. Approximately 150 intake forms were completed, out of 492 new clients since 9/1/19. What follows is a snapshot of our client base from completed intake forms. Race: 34% Black, 24% Latinx/Hispanic, 19% White, 9% Asian/API, 8% Multiracial, 3% American Indian, 3% other. Language: 25% of our clients primarily speak a language other than English, including approximately 15% of our clients who primarily speak Spanish. Sexual orientation: 83% identify as heterosexual, 10% as LGBTQ, and 7% preferred not to identify. Criminal history: 42% arrested, 26% convicted of a crime, 21% incarcerated, and 28% awaiting trial or on probation. Disabilities were reported by 29% of new clients, of which 30% reported mental health issues, 24% learning disabilities, 12% vision/hearing, 10% mobility impairment, and 20% unspecified. Of clients who provided highest education attainment level, 7% had only reached 8th grade or less, 20% had attended some high school, 28% completed high school/GED, 27% attended some college, and 15% graduated college. Of those clients who reported their housing status, 42% are housing unstable or homeless, while 45% rent their home, and 13% live in a home they own.

4. Income Eligibility for Services

Describe how the organization verifies and documents an individual's income eligibility for services. Identify all income criteria and guidelines used to establish eligibility for services.



Currently we approximate indigence level based on income source and housing status as captured in our Intake Form. Income options include: Unemployed/No Income, Public Benefits (including unemployment and retirement), Paid Part-Time Work, and Paid Full-time Work. Housing status options include several options for insecure housing (car, park, street, motel, transitional housing, incarceration, and living with others without paying rent), as well as renting a home or owning a home. When we opened as an organization in 9/1/2018, we made efforts to engage the Juvenile Court in indigence screening screen all clients as part of the Judicial Council of California's program for determining eligibility for court-appointed counsel. However, our local court was not amenable to participating in the income-screening of clients in association with appointment of counsel. Therefore, we have been tracking income levels for internal purposes only. We will be revising our intake form to more precisely measure the percentage of our clients whose income level is within 125% of federal poverty guidelines. This will be in association with improving the process of obtaining information from new clients to better assure 100% data gathering for all future clients.

As we indicated in our follow-up, we introduced a revised Intake Form effective July 1, 2020 to to ask specifically which public benefits an individual is receiving as well as to ask for household size and income.

5. Programmatic Activities

Select all the programmatic activities the organization engaged in during the previous calendar year. Do not include fundraising and administrative activities (Eligibility Guidelines 2.3).

5.A. Legal Services Representation Activities:

Describe Other:

5.B. Other Activities:

i. **Legal Services:** Provided to non-indigent clients/non-qualified organizations

Under which funding Government
sources did you serve
these clients?:

ii. **Other Services:**



**Describe Other Non-
Legal Services:**

6.A. Total number of impact litigation cases (include partner/co-counsel cases)

Report all impact litigation cases your organization engaged in during the previous calendar year, both open and closed.

0

6.B. Total number of advocacy activities

Report all advocacy activities your organization engaged in the previous calendar year, both completed and ongoing.

0

6.C. Summarize Additional Activities

If you engaged in more than 10 advocacy activities or more than 15 impact litigation cases in the previous calendar year, briefly summarize the nature of these additional activities.

n/a

Impact Case(s)

#	Case Name	Court Name	Case Status	View / Edit Template	Form Status
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Advocacy Activity(ies)

#	Advocacy Activity	Type	Activity Status	View / Edit Template	Form Status
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III. Staffing and Volunteers



Staffing as of December 31

Personnel Category	Full-Time Staff	Number of People (Part Time)	Full-Time Equivalent (Part Time)	Total Staffing FTEs	Number of People (Temp Staff)	Total Hours (Temp Staff)	Number of people (Volunteer)	Donated Hours (Volunteer)
Attorneys	11	0	0.00	11.00	0	0	0	0
Paralegals	0	0	0.00	0.00	0	0	0	0
Law Students	0	0	0.00	0.00	0	0	0	0
Professional Services	2	0	0.00	2.00	0	0	0	0
Clerical/Admin	1	0	0.00	1.00	0	0	0	0
Other Personnel	3	0	0.00	3.00	0	0	0	0
TOTAL	17	0	0.00	17.00	0	0	0	0

1.A. Professional Services and Other Personnel

For each position included under Professional Services and Other Personnel, state the title and full-time equivalent of the position(s).

Professional Services:

Social Worker, 1.0 FTE

Peer Parent Advocate, 1.0 FTE

Other Personnel:

Co-Executive Director, 1.0 FTE

Co-Executive Director, 1.0 FTE

Office Manager/Conflicts Administrator, 1.0 FTE

2. Use of Non-Legal Professionals

Describe how the organization utilizes non-legal professionals in its service delivery model.



Following nationally-recognized best practice for providing legal representation for parents and children in dependency cases, EBFD employs an interdisciplinary family defense team model in which social work and peer parent advocate support is used to thoroughly assess and respond to client needs, strengthen attorney-client communication and client engagement, and advance clients' legal goals and objectives. The attorney oversees the case and provides direction to the social worker and peer parent advocate who operate as agents of the attorney in advancing the legal representation.

3. How many hours per week does the organization consider a full-time schedule?

Do not include non-numeric characters, this includes commas, periods, etc.

40.00

4. Staffing and/or Organizational Changes

Describe any significant changes in staffing levels or structure in the previous calendar year, and its impact on programmatic activities. Identify any significant vacancies and explain whether the organization is actively recruiting for the position, or is holding the position for budgetary or other reasons.

There have been no significant changes in staffing levels or structure in the previous calendar year. We increased attorney staffing from 10 attorneys to 11 attorneys and added an administrative assistant position.

IV. Application for Pro Bono Allocation

To qualify for the pro bono allocation in the county(ies) in which the organization provides services, the organization must meet both these requirements (1) coordinate the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified organizations as its principal means of delivering legal services; and (2) demonstrate that its principal means of delivering legal services is "the recruitment of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California" through one of the three tests described in Eligibility Guideline 2.6.3. and 2.9.

1. Are you applying for a pro bono allocation per the qualifications listed?



If yes, the organization should annually recruit at least 30 attorneys, OR recruit at least five percent of the licensed attorneys in the county served, OR receive at least 1,000 hours of donated legal services from volunteer attorneys.

No

V. Quality Control Review

1. Quality Control Report

Has the organization received a written quality control review from the Legal Services Corporation, the California Department of Aging, or an Area Agency on Aging in the previous calendar year?

No

2. Legal Services Staff Supervision

Describe how legal services staff are supervised to ensure quality service. Identify supervisory personnel and provide information regarding their oversight (frequency of case management meetings, etc.). If there is only one staff attorney or the organization only employs contract attorneys, describe how oversight and quality control are ensured.

EBFD has four distinct Legal Teams, each of which is supervised by a Team Lead Attorney who manages, coordinates, and directly supervises the Staff Attorneys on their team. The Team Leads hold regular, weekly or biweekly, case staffings with the attorneys on their team to discuss case strategy, and general case management. Team Leads are readily available to answer questions and provide direction in the moment through a means of communication (phone, text, email). Team Leads provide temporary case coverage for attorneys on their teams as needed. Team Leads are available to observe, supervise and support attorneys in court, depending on each individual attorney's need. For more complex cases, Team Leads may prepare for trials together, provide sample examination outlines, be present at trials, or co-counsel. Team Leads routinely review and suggest edits to more complex pleadings and may participate in joint client meetings or phone calls with clients. EBFD also offers comprehensive and ongoing substantive law and practice training.

3. Volunteer Supervision



Describe the method(s) by which volunteers (attorneys, paralegals, and law students) are supervised. If the organization does not actively supervise volunteers or review their work product, how does the organization ensure compliance with its quality standards?

Law students are supervised by EBFD staff attorneys, who are trained in how to supervise legal interns and who follow supervision protocols recommended by Bay Area law schools. Law students undergo two weeks of substantive training at the beginning of their time at EBFD. Students work on legal research, drafting of substantive motions, preparing clients for hearings, gathering evidence, and assisting attorneys with trial preparation. Interns and supervisors complete mid-semester evaluations and final performance feedback to ensure accountability and that interns receive significant feedback as they develop professionally.

4. Describe case opening and closing oversight practices.

Cases are opened and closed based on the Court's legal determination. When a parent or (conflict) child requests and/or needs counsel, EBFD attorneys are appointed by the Court to provide representation. We provisionally open a case when we receive the initial petition seeking court jurisdiction from the county child welfare agency. Conflict checks are run and EBFD attorneys are assigned to be available for appointment. Once the Court appoints counsel at the initial hearing, the case opening is confirmed or closed, as appropriate. Once appointed, EBFD attorneys remain on the case until the case is dismissed or the Court relieves counsel (e.g. after the filing of a substitution of attorney order or after court-ordered termination of parental rights.). EBFD uses a state-mandated client management system, JCATS, to document the opening and closing of all cases as well as to maintain all client case information.

VI. Sources of Funding



Use the table below to itemize the organization's sources of funding in the calendar year 2019.

Enter the cash amount received for each funding source. Do not include State Bar monies.

- Under Foundations, list the largest three grants by organization, and then add the remaining amounts together under Other Foundation Funding.
- Under Government Resources, for each Federal, State, and Cities and Counties, list the largest three grants by agency, and then add the remaining amounts together in the corresponding Other field.

Source	Amount Received
Individual Contributions	
Attorneys/Private Donors/Individual Gifts	\$32,680
Event Sponsorship/Special Events	\$0
Other	\$1,050
Total	\$33,730
Organizations	
Bar Associations	\$0
Law Firms	\$0
Law Schools	\$0
Other, including subgrants from nonprofits	\$0
Total	\$0
Foundations	Subtotal
Walter S Johnson Foundation	\$60,000
Zellerbach Grant	\$75,000
Casey Family Foundation	\$76,730
Other Foundation Funding	\$65,000
Total	\$276,730
Legal	
Legal Services Corporation	\$0
Area Agency on Aging	\$0



Total	\$0
Government Resources	
Federal (not LSC or OAA)	
	\$0
	\$0
	\$0
Other Federal Funding	\$0
State	
Judicial council contracts	\$1,561,540
CCRG	\$60,000
	\$0
Other State Funding	\$0
Cities and Counties	
Alameda County Behavioral Health Services	\$112,351
	\$0
	\$0
Other City and County Funding	\$0
Total	\$1,733,891
Residual and Cy Pres Awards	
State Court	\$0
Federal Court	\$0
Total	\$0
Fees and Reimbursements	
Attorneys' Fees	\$0
Client-Paid Amounts	\$0
Cost Reimbursements	\$0
Other Professional Fees	\$0
Total	\$0
Other Cash Support	
Rent Revenue	\$0
	\$0
	\$0
	\$0



	\$0
Total	\$0
TOTAL OF NON-STATE BAR REVENUE	\$2,044,351

1.A. Other Funding

Itemize sources included in any "other" line items listed in the Sources of Funding worksheet.

Other = Honorarium

VII. Total Corporate Expenditures

Organization's Fiscal Year End: August 31

1. Upload Audited or Reviewed Financial Statement Ended in the Previous Year

Upload a final copy of the organization's audit or financial review for the organization's fiscal year ending in 2019; qualified expenditures will be calculated based on this document. Organizations with gross corporate expenditures less than \$500,000 can provide a financial review in lieu of an audited financial statement (Rule 3.680(E)(1)). It is also the obligation of the applicant to upload a copy of the most recent audit or financial review as soon as available, and no later than May 1, to the Organization Profile under the Documents tab.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If requesting an audit extension, upload an explanation (in lieu of the audit or financial review) with an estimate of when the audit or financial review will be finalized. The applicant should complete all sections of the application using reasonable estimates if the audit or financial review is not available. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.

EBFamilyDefenders_19_FinalFS_Client.pdf

704.3 KB - 06/03/2020 1:18PM

Total Files: 1



Total Corporate Expenditures

NON-CASH		Expenditures
In-kind/Donated Services		\$0
Unrealized Losses		\$0
Other		\$0
Total Non-Cash Items		\$0
PASS-THROUGH / FISCAL SPONSOR		Expenditures
Pass-through		\$0
Total Pass-through		\$0
PERSONNEL		Expenditures
Attorneys		\$847,607
Paralegals		\$0
Other Staff		\$443,780
Subtotal		\$1,291,387
Employee Benefits		\$217,813
Total Personnel		\$1,509,200
PERSONNEL		Expenditures
Attorneys		
Paralegals		
Other Staff		
Subtotal		
Employee Benefits		
Total Personnel		
NON-PERSONNEL		Expenditures
Space		\$146,016
Equipment Rental and Maintenance		\$4,687
Office Supplies and Small Equipment		\$22,788
Printing and Postage		\$1,113
Telecommunications		\$9,706
Technology		\$29,688
Program Travel		\$9,298
Training		\$11,028



Library	\$0
Insurance	\$15,610
Audit	\$0
Litigation	\$0
Depreciation	\$11,408
Contract Service to Clients	\$48,891
Contract Service to Program	\$19,839
Other	\$78,553
Total Non-Personnel	\$408,625
TOTAL EXPENDITURES (Personnel + Non-Personnel +Non-Cash+Pass-through)	\$1,917,825
TOTAL QUALIFIED CORPORATE EXPENDITURES (Personnel + Non-Personnel)	\$1,917,825

Please itemize all expenses included under Depreciation.

Depreciation for Equipment = \$11,408

Please itemize all expenses included under Contract Service to Clients.

Expenses paid to contract attorneys

Please itemize all expenses included under Contract Service to Program.

Program expenses - expert witness =\$8550, Process serving expenses = 3270, Transcripts =\$1188, interpreter and translation \$5257, discovery \$1042, other program expenses = \$532

Please itemize all expenses included under Other (Non-Personnel).

Dues and subscription \$12,408, advertising \$835, accounting fees \$30,000, other professional fees \$28,707, recruitment \$600, other \$1,750, interest 4,253

3. Explain Any Variance

If your organization's reported corporate expenditures do not align with your organization's uploaded audit, please explain the variance.



VIII. Qualified Expenditures

Questions	Amount	Explanation
1. Total Corporate Expenditures from the previous fiscal year	\$1,917,825	
2. Did the corporation engage in activities other than the delivery of legal services?	\$0	
3. Did the corporation lease or sublease space to another organization?	\$0	
4. With regards to leased or subleased space, did the organization incur property management expenses, whether as primary owner or lessor?	\$0	
5. Did you provide legal services in criminal matters?	\$0	
6. Did you charge clients for any legal services in civil matters, other than requiring payment for costs and expenses or processing fee of \$20 or less?	\$0	
7. Did you provide any free civil legal services to persons who were not indigent as defined in B & P Code Section 6213(d) and Eligibility Guidelines 2.3.3 and 2.3.4, or to organizations not providing benefits primarily on behalf of indigent?	\$383,565	Because our own data on income eligibility does not currently measure for indigence as defined, but relies on proxies for indigence (receipt of public benefits, housing status) we have chosen to rely on the approximation of Dependency Advocacy Center in Santa Clara County, a similar size dependency jurisdiction with the same court-appointed legal representation mandate and a similar representation model, and commit to working with IOLTA to refine our income eligibility screening form to collect more precise and comprehensive income eligibility data. For this year, we estimate that approximately less than 20% of the clients served would not qualify as indigent as defined. This amount represents 20% of the total corporate expenditure.
8. Did you provide free civil legal services outside California?	\$0	



9. Did your organization incur expenses that did not contribute to the provision of civil legal services to indigent people and that were not itemized above?	\$0
10. TOTAL EXPENDITURES FOR NON-QUALIFIED ACTIVITIES	\$383,565
11. SUB-TOTAL OF QUALIFIED EXPENDITURES	\$1,534,260

12. PERCENT OF QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS

Once you have completed and saved the Qualified Expenditures table above, click the "Save & Finish Later" button below to calculate this percentage.

80.00%

12.A. Less than 75% Explanation

If the percentage of expenditures for free civil legal services to indigent persons calculated above is less than 75 percent, explain how the organization meets the primary purpose requirement for funding (B&P §6213(a)).

13. Exchanged Funds

Did the organization exchange funds with another legal services project that is applying for a State Bar grant?

No

14. TOTAL DEDUCTION OF EXCHANGED FUNDS

\$0

15. Shriver Funds

Enter funds received for a grant (or subgrant/subcontract) for a pilot project pursuant to the Sargent Shriver Civil Counsel Act of 2009.

\$0



16. TOTAL QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$1,534,260

Enter all IOLTA and EAF expenditures for 2019 in 17a and 17b, respectively. This should include any carry-over from 2018

Reference Button:

17.A. IOLTA Expenditures Net of Capital Additions (FISCAL YEAR)

\$0

17.B. EAF Expenditures Net of Capital Additions (FISCAL YEAR)

\$0

17.C. IOLTA AND EAF EXPENDITURES NET OF CAPITAL ADDITION EXPENDITURES (AUTO-CALCULATED)

\$0

18. GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$1,534,260

19. Upload Any Additional Expenditure Documents

Include any additional documents regarding the information entered in this form.

VIII-A. Expenditures by County



GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$1,534,260

1. Allocation of Expenditures for Each County

If you provide free civil legal services to indigent persons in more than one county, describe the basis for your by county allocation of expenses and how it relates to the services in each county. Include any calculations or relevant data to support your explanation.

All of EBFD's work occurs in Alameda County -- consequently, all expenditures are 100% applicable to Alameda County.

2. New or Discontinued Counties

If applicant is seeking 2021 IOLTA and EAF funds to serve any counties that differ from the counties for which applicant is currently receiving 2020 IOLTA and EAF funds, provide information on new and/or discontinued counties. See application instructions for additional details. Enter N/A if not applicable.

n/a

3. Out of County Work

Describe any work in county(ies) other than those detailed in the questions above. Include name of county(ies), nature of work, start and/or end date, approximate county expenditures, and any other relevant information.

n/a



Expenditures by County

Previous Fiscal Year Quarterly Reports:

In the tables below, indicate the amount of total expenditures for free civil legal services to indigent persons in California for each county.

The total amount of the "Qualified Expenditures" column should equal the amount that appears at the top of this form. IOLTA and EAF expenditures should match Quarterly Report submissions for your fiscal year ending in 2019, including any carry-over from 2018. Reference the "View" button located above this instruction box to view your Quarterly Report submissions for your fiscal year ending in 2019.

Click "Save" within the table, then "Save & Finish Later" to update county tables.

Update Form II if the appropriate counties are not appearing.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If submitting the application without a final audit or financial review, the applicant should complete all sections of Form VIII-A using reasonable estimates. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.

Alameda

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$1,534,260	\$0	\$0	\$1,534,260

County Totals

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
1534260	0	0	1534260

IX. Certifications & Assurances



**Upload Signed
Certifications &
Assurances Document:**

IOLTA_LSP_CA_Form.pdf
333.1 KB - 06/12/2020 1:24PM

Total Files: 1

Supporting Documents (Optional)

When naming optional supporting documents, please include the Organization's acronym (or short name) and a 1-5 word description of the file.

EBFD_FJI-Attributes-Fact-Sheet.pdf
895.5 KB - 06/12/2020 1:27PM

EBFD_Program_Brochure.pdf
333 KB - 06/12/2020 1:27PM

Total Files: 2

Grant Adjustment:

**Check Request to
Finance:**

Key Documents Review (Org. Profile)

**IRS Determination
Letter:**

East_Bay_Family_Defenders_-_Determination_Letter.pdf
160.7 KB - 05/28/2020 10:16AM

Total Files: 1



Board Roster :

Roster_of_Board_Members.pdf

63.6 KB - 06/11/2020 3:58PM

Total Files: 1

EAST BAY FAMILY DEFENDERS

FINANCIAL STATEMENTS

August 31, 2019

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

EAST BAY FAMILY DEFENDERS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
East Bay Family Defenders
San Leandro, California

Report on the Financial Statements

We have audited the accompanying financial statements of East Bay Family Defenders, which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, cash flows and functional expenses 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.

Auditors' 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 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 East Bay Family Defenders as of August 31, 2019, 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.

Croby & Kaneda CPAs LLP

Oakland, California

April 16, 2020

EAST BAY FAMILY DEFENDERS

Statement of Financial Position August 31, 2019

Assets

Current Assets		
Cash	\$	272,655
Accounts receivable		170,928
Contributions receivable		60,000
Prepaid expenses		23,841
Total Current Assets		527,424
Property and equipment, net (Note 3)		25,216
Deposits		13,000
Total Assets	\$	565,640

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued expenses	\$	94,817
Accrued vacation		35,558
Loan payable (Note 7)		50,000
Total Liabilities		180,375
Net Assets		
Without donor restrictions		288,598
With donor restrictions (Note 6)		96,667
Total Net Assets		385,265
Total Liabilities and Net Assets	\$	565,640

Statement of Activities
For the Year Ended August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Foundation	\$	\$ 275,000	\$ 275,000
Individual and community	29,960		29,960
Government	205,668		205,668
Corporate	1,632,927		1,632,927
Program service fees	1,050		1,050
Support provided by expiring time and purpose restrictions	248,170	(248,170)	-
Total Support and Revenue	2,117,775	26,830	2,144,605
Expenses			
Program			
Legal	1,490,963		1,490,963
Interdisciplinary representation	205,700		205,700
Total Program	1,696,663		1,696,663
Management and general	168,039		168,039
Fundraising	53,123		53,123
Total Expenses	1,917,825	-	1,917,825
Change in Net Assets	199,950	26,830	226,780
Net Assets, beginning of year	88,648	69,837	158,485
Net Assets, end of year	\$ 288,598	\$ 96,667	\$ 385,265

Statement of Cash Flows
For the Year Ended August 31, 2019

Cash flows from operating activities:		
Change in net assets	\$	226,780
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation		11,408
Investment activity		
Change in assets and liabilities:		
Accounts receivable		(150,928)
Contributions receivable		(39,000)
Accounts payable and accrued expenses		22,701
Accrued vacation		35,558
Net cash provided (used) by operating activities		106,519
Cash flows from investing activities:		
Purchases of fixed assets		(30,624)
Net cash provided (used) by investing activities		(30,624)
Cash flows from financing activities:		
Proceeds from borrowing		50,000
Net cash provided (used) by financing activities		50,000
Net change in cash		125,895
Cash, beginning of year		146,760
Cash, end of year	\$	272,655

Statement of Functional Expenses
For the Year Ended August 31, 2019

	Program	Management and General	Fundraising	Total
Salaries	\$ 1,176,262	\$ 89,648	\$ 25,477	\$ 1,291,387
Employee benefits	105,089	8,009	2,276	115,374
Payroll taxes	93,307	7,111	2,021	102,439
Total Personnel	1,374,658	104,768	29,774	1,509,200
Legal	48,891	-	-	48,891
Accounting	-	30,000	-	30,000
Professional fees	28,655	-	18,038	46,693
Advertising and promotion	-	-	835	835
Occupancy	132,998	10,137	2,881	146,016
Informational technology	27,353	1,818	517	29,688
Travel and meals	9,253	45	-	9,298
Supplies and office expenses	13,628	8,865	295	22,788
Postage	1,113	-	-	1,113
Telephone	8,841	674	191	9,706
Interest	-	4,253	-	4,253
Equipment rental and maintenance	4,269	325	93	4,687
Dues, subscriptions, and licenses	12,408	-	-	12,408
Insurance	14,270	1,043	297	15,610
Depreciation	9,298	1,908	202	11,408
Training	11,028	-	-	11,028
Other expenses	-	4,203	-	4,203
Total Expenses	\$ 1,696,663	\$ 168,039	\$ 53,123	\$ 1,917,825

See Notes to the Financial Statements

**Notes to the Financial Statements
For the Year Ended August 31, 2019**

NOTE 1: NATURE OF ACTIVITIES

East Bay Family Defenders (the Organization) is California non-profit organization incorporated in 2017, previously operating as a sponsored project of another nonprofit, with a mission to keep family together and minimize the time children spend in foster care. Its program activities include:

Legal Services:

East Bay Family Defenders provides free, court-appointed legal representation to parents and children in dependency proceedings before the Alameda County Superior Court.

Interdisciplinary:

East Bay Family Defenders' legal representation model includes access for EBFD attorneys to work in an integrated manner with social workers and peer parent advocates to deliver high-quality legal representation.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Contributions Receivable

Contributions receivable, including grants and pledges receivable, are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. The Organization considers all contributions receivable to be fully collectible at August 31, 2019. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on a cost reimbursement or performance grants and customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at August 31, 2019. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of August 31, 2019 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require

specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services meeting this criteria for the year ended August 31, 2019.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Equipment	3 - 5 years
-----------	-------------

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based an individual estimate of time worked by functional area prepared for all employees.

Occupancy, depreciation, and amortization, and interest are allocated on a personnel time basis as a reasonable approximation for the use of space by programs and supporting activities occupying the space.

Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of employee allocation for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. Additionally, advertising costs are expensed as incurred.

Changes in Accounting Principles

The Organization implemented FASB Accounting Standards Update No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of April 16, 2020, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2019:

Leasehold improvements	\$ 6,000
Computer equipment and software	30,624
Less accumulated depreciation	(11,408)
Total	\$ 25,216

NOTE 4: COMMITMENTS

The Organization leases office space with various terms through August 2023. Future minimum lease payments were as follows for the years ended August 31:

2020	\$ 150,396
2021	154,908
2022	159,552
2023	164,340
Total	\$ 629,196

NOTE 5: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of August 31, 2019:

Purpose restriction - Interdisciplinary	\$ 36,667
Purpose restriction - Data collection	60,000
Total	\$ 96,667

NOTE 7: LOAN PAYABLE

On November 30, 2018, the Organization signed a revolving loan agreement with a limit of \$185,000 bearing interest at an effective rate of 6.59% guaranteed in part by California State Small Business Loan Guarantee Program and secured by all tangible and intangible property of the Organization. The loan matures November 2019. As of August 31, 2019, the balance outstanding on the loan was \$50,000.

NOTE 8: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of August 31, 2019 are:

Financial assets:	
Cash	\$ 272,655
Accounts receivable	170,928
Contributions receivable	60,000
Beneficial interest in trust	503,583
Total financial assets	
Less: Purpose-restricted net assets	(96,667)
Total	\$ 406,916

As part of the Organization's liquidity management plan, the Organization invests cash in excess of immediate requirements in cash and cash equivalents. The Organization maintains a revolving loan of \$185,000 to cover short-term cash needs (Note 7).

**EAST BAY FAMILY DEFENDERS
2021 ELIGIBILITY REVIEW CONFERENCE
JULY 27, 2020**

ATTACHMENTS

RELEVANT AUTHORITIES

Business and Professions Code

Section 6213(a)

(a) "Qualified legal services project" means either of the following:

(1) A nonprofit project incorporated and operated exclusively in California that provides as its primary purpose and function legal services without charge to indigent persons and that has quality control procedures approved by the State Bar of California.

(2) A program operated exclusively in California by a nonprofit law school accredited by the State Bar of California that meets the requirements of subparagraphs (A) and (B).

(A) The program shall have operated for at least two years at a cost of at least twenty thousand dollars (\$20,000) per year as an identifiable law school unit with a primary purpose and function of providing legal services without charge to indigent persons.

(B) The program shall have quality control procedures approved by the State Bar of California.

Section 6213(d)

"Indigent person" means a person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free services under the Older Americans Act or Developmentally Disabled Assistance Act. With regard to a project that provides free services of attorneys in private practice without compensation, "indigent person" also means a person whose income is 75 percent or less of the maximum levels of income for lower income households as defined in Section 50079.5 of the Health and Safety Code. For the purpose of this subdivision, the income of a person who is disabled shall be determined after deducting the costs of medical and other disability related special expenses.

Section 6216(b)(1)(A)

In any county which is served by more than one qualified legal services project, the State Bar shall distribute funds for the county to those projects which apply on a pro rata basis, based upon the amount of their total budget expended in the prior year for legal services in that county as compared to the total expended in the prior year for legal services by all qualified legal services projects applying therefor in the county. In determining the amount of funds to be allocated to a qualified legal services project specified in paragraph (2) of subdivision (a) of Section 6213, the State

Bar shall recognize only expenditures attributable to the representation of indigent persons as constituting the budget of the program.

State Bar Rules

Rule 3.671(A)

A qualified legal services project is required by statute to have as its primary purpose and function providing legal services without charge to indigent persons. A qualified legal services project applying for Trust Fund Program funds is presumed to have such a purpose and function if 75% or more of the budget for the fiscal year for which it is seeking funds is designated to provide free legal services to indigents, and 75% or more of its expenditures for the most recent reporting year were incurred for such services. The calculation of 75% of expenditures may include a reasonable share of administrative and overhead expenses.

Rule 3.672(A)

“Legal services” include all professional services provided by a licensee of the State Bar and similar or complementary services of a law student or paralegal under the supervision and control of a licensee of the State Bar in accordance with law.



The State Bar *of California*

DATE: August 14, 2020

TO: Members, Legal Services Trust Fund Commission

FROM: Members, LSTFC Eligibility and Budget Review Committee

SUBJECT: UnCommon Law Eligibility Recommendation for 2021 IOLTA and EAF Funding

EXECUTIVE SUMMARY

UnCommon Law is a new applicant for funding as a Qualified Legal Services Project (QLSP) that provides assistance to incarcerated individuals with regard to parole hearings. The Eligibility and Budget Review Committee (Committee) called UnCommon Law for an Eligibility Review Conference to consider the following questions raised by its 2021 IOLTA and EAF application:

- Whether parole hearings are civil matters or criminal proceedings, for purposes of determining an applicant organization's primary purpose and function, or when calculating grants; and
- Whether any of UnCommon Law's services should be considered non-legal and should be excluded when determining their eligibility or grant allocations.

The Eligibility Review Conference (ERC) was held on July 24, 2020, with the Committee represented by a Working Group comprised of Rebecca Delfino, Debra Meyers, and Kim Savage. UnCommon Law was represented by Founder and Director Keith Wattley, Development Associate Annie Roge, and Board Chair Sara Norman.

After discussion and in light of the legal analysis that legal services related to parole constitute civil legal services, the Committee recommends that UnCommon Law be found eligible for IOLTA/EAF grant funding for 2021.

BACKGROUND

Organizational Description

UnCommon Law is a new applicant for eligibility as a QLSP, providing service since 2006 and incorporated as a non-profit corporation in 2012. Their application identifies a staff of three attorneys, two paralegals and a part-time “Parole Success Advocate,” plus three administrative and development staff, and a full-time volunteer deputy director – as well as over 2,000 hours of services volunteered by attorneys and law students. They are headquartered in Oakland and seek allocations in twenty counties based on the physical location of their clients. The organization’s services are exclusively dedicated to helping incarcerated people prepare for their parole hearings. They have reported total expenditures of \$660,925 and qualified expenditures of \$580,594, yielding an 87.8 percent qualified expenditures ratio.

In its application, UnCommon Law describes its work as:

...trauma-informed, comprehensive legal advocacy for people experiencing long-term incarceration. We represent people in their parole hearings, provide parole consultations, provide a wide variety of parole resources, engage in litigation and public policy advocacy, and engage in public education to address systemic discrimination in the criminal justice system. We provide education and training to law students, attorneys and system-impacted community members to improve the quality of preparation for, and representation in, parole hearings. We also run in-prison workshops to provide information and parole-readiness training and resources to currently-incarcerated people.

The UnCommon Law website states that the organization:

....fights to ensure that all people incarcerated for violent crime have access to healing, justice, and effective legal representation. [...]In developing new self-narratives, the people we serve are able to more effectively disrupt violence inside and outside prison, and become leaders who change negative societal narratives about those incarcerated for violent crime.

Governing Authorities

- **Business & Professions Code**, sections 6210 (Preamble to Interest on Lawyer Trust Accounts IOLTA Statute), 6213(a) (primary purpose), 6214(b) (eligibility criteria for legal services projects), 6216(b)(1)(A) (allocation calculation methodology)
- **State Bar Rules**, Rule 3.671(A) (primary purpose), 3.672(A) (legal services)
- **Legal Services Trust Fund Program Eligibility Guidelines for Qualified Legal Services Projects**, Guideline 2.3.1 (civil legal services)

DISCUSSION

To be found eligible for IOLTA grants as a QLSP, an organization must have the primary purpose and function of providing civil legal services without charge to indigent people in California.¹ Eligibility for grants, and grant allocations, are determined in part based on how much of an organization's expenditures are spent for this purpose.² Services with respect to criminal proceedings, and non-legal services, are not considered when determining primary purpose or grant allocations.³

A. Civil Legal Services

The IOLTA program is authorized under Business & Professions Code sections 6210 through 6228. The statute's preamble cites the IOLTA program's overarching goal "to expand the availability and improve the quality of existing free legal services in civil matters to indigent persons."⁴ QLSPs must have the primary purpose and function of providing legal services without charge to indigent persons; their grant allocations are calculated based upon each organization's total expenditures for such services in the prior year.⁵ IOLTA grants may not be used to pay for services related to criminal proceedings.⁶

In reliance on these statutory parameters, the Commission typically has not counted services provided in criminal proceedings when determining the primary purpose of grant-seeking organizations, or when calculating the amounts to be allocated to eligible organizations. If parole hearings are not considered, and their related expenses are disallowed when determining primary purpose or calculating grants, UnCommon Law would not be eligible for funding.

At the Eligibility Review Conference, Mr. Wattley asserted that parole hearings are administrative, not criminal, in nature, and that hearings are non-adversarial and are governed by the California Code of Regulations. UnCommon Law also stated that the parole board's officers are not judges and that appeals are taken directly to the Superior Court, typically as a writ of habeas corpus. Most of UnCommon Law's litigation consists of habeas petitions; they have also brought impact litigation challenging the use of risk assessments to evaluate suitability for parole. Mr. Wattley noted a statutory right to appointed counsel for parole hearings in California, but distinguished the legal assistance provided by UnCommon Law as more in-depth and effective.

To aid the Commission in its determination, the State Bar's Office of General Counsel (OGC) opined on the question of whether parole matters were criminal or civil in nature.⁷ OGC concluded that, consistent with Mr. Wattley's statement, both case law and statute support characterizing legal services related to parole proceedings as civil, and thus they can be treated as civil legal services for purposes of IOLTA funding.

¹ Business & Professions Code, § 6213 at (a)(1), (a)(2)(a).

² Business & Professions Code, § 6216(b)(1)(A).

³ Eligibility Guidelines for Qualified Legal Services Projects, Guideline 2.3.1.

⁴ Business & Professions Code, § 6210.

⁵ Business and Professions Code, §§ 6213(a), 6216(b)(1)(A).

⁶ Business & Professions Code, § 6223(b).

⁷ This memo is subject to attorney-client privilege.

UnCommon Law’s legal services related to parole matters are therefore qualified expenditures and may be considered when determining the organization’s primary purpose and function as described at Business & Professions Code section 6213(a).

B. Non-Legal Services

IOLTA and EAF grants must be used to provide legal services for indigent people.⁸ “Legal services” are defined by State Bar Rules as including all professional services of an attorney, and similar or complementary services of a law student or paralegal under the supervision and control of an attorney.⁹ Current office practice acknowledges that the successful provision of legal services can sometimes involve the assistance of other professionals or lay advocates. Such ancillary services have been considered to be a component of the delivery of legal services, when an attorney provides overall supervision and control for the case, and the resolution of a legal issue is the underlying reason for any other services.

UnCommon Law’s services combine “trauma-informed, healing-centered mental health and legal counseling,” with teams that include an attorney, social worker, therapist, law student, intern, or other counselors. Additional services include leadership training, providing parole resources to families of parole-seeking individuals, public education, and in-prison workshops to provide information and parole-readiness training and resources. While all of UnCommon Law’s services seem to be provided in the context of support for the parole hearing, it was not clear from the application whether they are all legal services as defined by the State Bar Rules.

At the conference, Mr. Wattley explained that UnCommon Law’s “wrap-around” services are provided by therapists and therapy students to help clients prepare for parole hearings and reach the legally required “insight” into their past behavior. These services are provided under the direction of attorneys, and only to individuals already receiving legal support for their parole hearings. Other ancillary services provided by UnCommon Law include post-hearing assistance with transitional housing and continuing therapeutic supports.

Services to families of parole seeking individuals include education prior to the hearing about rules, policies, and procedures; and post-release plans and support for the client’s success. Their leadership training project (currently delayed due to COVID-19) will teach formerly-incarcerated people to be in-prison parole coaches with UnCommon Law; some of that training includes non-legal skills like public speaking or how to build a curriculum.

The Committee concluded that UnCommon Law’s “wrap-around” social and ancillary services are an integral component of their legal services, tied to achieving and maintaining desired legal outcomes.

RECOMMENDATIONS

⁸ Business & Professions Code, § 6218.

⁹ State Bar Rules, rule 3.672(A).

In light of the legal analysis that legal services related to parole constitute civil legal services, the Committee recommends that UnCommon Law be found eligible for IOLTA/EAF grant funding for 2021.

The Committee further recommends that UnCommon Law’s “wrap-around” social and ancillary services be considered qualified so long as they are provided in conjunction with, and as a complement to, qualified legal services.

ATTACHMENT

- A.** UnCommon Law’s 2021 IOLTA/EAF Application and Audit
- B.** Excerpts from Governing Authorities: Business & Professions Code; State Bar Rules; Qualified Legal Services Project Eligibility Guidelines



Eligibility Category: LSP

Grant Year: 2021

Due Date: June 15, 2020 at 5:00pm PST

Prepared by: [Annie Roge](#)

Email: annie@uncommonlaw.org

Contact Phone: 510-271-0310

Funding Opportunity: IOLTA LSP

Project Title: 3483-IOLTA LSP-2021-UnCommon Law-240

Program Name: UnCommon Law

Applicant Title: Development & Communications Associate

Address: 220 4th Street Suite 103

City: Oakland

Update Organization Profile

Confirm the organization's record is up to date. To access the Organization Profile, click on the "Review Organization Profile" button to open it in a new page. Review the Organization Profile, including the "Main," "Organization Details," and "Documents" tabs; make any necessary updates, and click Save.

Confirm that the designated Primary and Secondary Contacts are correct. For reference, identified responsible staff are listed below. The "Executive Contact" should be the Executive Director (or Clinic Director for law schools) and should have the authority to sign grant agreements with the State Bar. "Executive Contact" and "Primary Contact" are used interchangeably. Secondary Contacts for an organization will receive the same email communications as the Executive/Primary Contact.

For contact updates in the Organization Profile, contact the organization's SmartSimple User Administrator, identified under roles in the contact tab. Refer to the SmartSimple Managing Contacts user guide posted on the homepage under the "Key Documents & Authorities" section for more information on how to update contact information.

Executive Contact: Keith Wattley

Secondary Contact(s): Annie Roge,

I verify the information in the Organization Profile is accurate and up to date.



I verify that I have read, and am familiar with, the eligibility guidelines for IOLTA funding for legal services projects.

I. Eligibility Criteria

1. New or Currently Funded Applicant

Initial Funding or Returning Applicant not Currently Funded as a Legal Services Project

2. Applicant Type

A nonprofit corporation that provides civil legal services to the indigent without charge as its primary purpose and function

Upload a letter of support from the law school dean describing the history of the law school clinical program.

3. Applicant Eligibility

Select all that apply

Upload an LSC grant award letter or a subcontract showing the amount of LSC funds awarded through another agency.

Upload a contract, determination letter, or subcontract indicating the amount of Older Americans Act funds awarded.

An organization that receives at least \$20,000 annual cash funds from sources other than the State Bar of California to support free legal representation to indigent persons (as reflected in the Total of Non-State Bar Revenue calculated on Form VI) and can show community support for the program

3.A. Community Support



Describe the community support for the operation of a viable, ongoing program.

Since 2006, UnCommon Law has developed a unique, trauma-informed model of legal advocacy, to provide the space currently missing in the parole system for those serving life sentences to achieve healing, accountability, and safe pathways home from prison. Over the past fourteen years, our work has been supported almost entirely by grassroots, community donors. In 2019, we received nearly \$300,000 from over 600 individual donations, ranging from ten dollars to several thousand (not including grants and event sponsorships). This is clear evidence of a large, broad donor base committed to supporting our mission of providing trauma-informed parole advocacy to all Californians serving life sentences.

3.B. Which of the following services does your organization provide?

Provides legal representation, training, or technical assistance on matters concerning indigent special client groups, or substantive law important to special client groups

Special Client Group(s) Served

Nature of Assistance			
Special Client Group Served/ Relevant Substantive Law	Legal Representation	Training	Technical Assistance
Individuals indeterminately sentenced in California before the age of 26, now eligible to appear before the California Board of Parole Hearings for Youth Parole proceedings	Yes	No	No
Individuals determinately sentenced in California before the age of 26, now eligible to appear before the California Board of Parole Hearings for Youth Parole proceedings	Yes	No	No
Individuals eligible to appear before the California Board of Parole Hearings for Elderly or Medical Parole proceedings	Yes	No	No
Individuals serving life sentences who are eligible to appear before the California Board of Parole Hearings	Yes	No	No

II. Description of Organization



Provide a comprehensive but concise description of the entire organization's work in the previous calendar year. Currently funded organizations should not limit responses to activities funded by the State Bar.

Click "Save & Finish Later" after adding counties.

County

Alameda

Alpine

Amador

Butte

Calaveras

Colusa

Contra Costa

Del Norte

El Dorado

Fresno

Glenn

Humboldt

Imperial

Inyo

Kern

Kings

Lake

Lassen

Los Angeles

Madera

Marin

Mariposa

Mendocino

Merced



Modoc
Mono
Monterey
Napa
Nevada
Orange
Placer
Plumas
Riverside
Sacramento
San Benito
San Bernardino
San Diego
San Francisco
San Joaquin
San Luis Obispo
San Mateo
Santa Barbara
Santa Clara
Santa Cruz
Shasta
Sierra
Siskiyou
Solano
Sonoma
Stanislaus
Sutter
Tehama
Trinity
Tulare
Tuolumne
Ventura
Yolo



Yuba

1. Organization's Mission and Vision

UnCommon Law fights to ensure all people incarcerated for violent crimes have access to healing, justice, and effective legal representation.

Through our unique, trauma-informed model of advocacy, we provide the space currently missing in the system for healing, accountability, and safe pathways home from prison. In developing new self-narratives, the people we serve are able to more effectively disrupt violence inside and outside prison, and become leaders who can change negative societal narratives about those incarcerated for violent crime. Our groundbreaking approach is changing policy and outcomes, driven by the voices and experiences of system-impacted communities.

2. Core Programs

Describe the organization's core programs as reflected in promotional materials (include a summary of all work, not just activities funded by State Bar monies).

UnCommon Law provides trauma-informed, comprehensive legal advocacy for people experiencing long-term incarceration. We represent people in their parole hearings, provide parole consultations, provide a wide variety of parole resources, engage in litigation and public policy advocacy, and engage in public education to address systemic discrimination in the criminal justice system. We provide education and training to law students, attorneys and system-impacted community members to improve the quality of preparation for, and representation in, parole hearings. We also run in-prison workshops to provide information and parole-readiness training and resources to currently-incarcerated people.

In 2020, UnCommon Law is set to launch a Pilot program on a single prison yard in California (location TBD; narrowed to five potential locations under review in partnership with the California Department of Corrections and Rehabilitation [CDCR]). Our Pilot program will support approximately 300 participants over the course of multiple years as they live together and collectively navigate UnCommon Law's parole hearing preparation curriculum (individual counseling, group workshops, and legal advocacy) and receive UnCommon Law legal support in their next hearing.

3. Client Population

Describe the constituencies served by the organization. Include demographic information, such as age, gender, ethnicity, income levels, and any other characteristics particular to the service population.



UnCommon Law serves men and women experiencing long-term or life incarceration in California State prisons. There are currently nearly 40,000 Lifers (individuals serving life sentences) in California State prisons, roughly one third of the entire prison population in the state. The majority of UnCommon Law's clients are serving time for serious and/or violent crimes; individuals in this category make up nearly 80% of the total California prison population. While exact demographic data on Lifers is not publicly tracked/released by the California Department of Corrections, we do have access to general California prison population demographic data, which is listed below:

95.4% male, 4.6% female;

43.8% Hispanic, 28.4% Black, 21.2% White, 6.7% other;

9.4% aged 18-24, 67.2% aged 24-49, 19.7% aged 50-64, 3.7% aged 65+

4. Income Eligibility for Services

Describe how the organization verifies and documents an individual's income eligibility for services. Identify all income criteria and guidelines used to establish eligibility for services.

Business and Professions Code Section 6123(d) defines "indigent person" for the purpose of the Legal Services Trust Fund Program as: "a person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free services under the Older Americans Act or Developmentally Disabled Assistance Act."

According to the Federal Register notice for the 2020 Poverty Guidelines, the poverty guideline for individual persons in 2020 is \$12,760. According to a 2017 report by the Prison Policy Initiative, incarcerated people in California made between \$0.08 and \$0.95 per hour. If we assume an average of \$0.56 per hour and a typical 40 hour/week (an overestimation, considering that the typical prison job does not offer a full 40 hours of weekly work), we can estimate an approximate annual income of \$1,164.80, roughly 9 percent of the 2020 poverty threshold for individual persons.

UnCommon Law's services and resources are available to all people serving long-term or life sentences with the possibility of parole in California, and our mission is to advance the rights and access to legal resources and services of this entire population. To an overwhelming degree, our organization's constituents can be considered "indigent persons".

5. Programmatic Activities

Select all the programmatic activities the organization engaged in during the previous calendar year. Do not include fundraising and administrative activities (Eligibility Guidelines 2.3).



5.A. Legal Services Community legal education and information, Legal self-help support,

Activities: Representation, Legislative or policy advocacy

Describe Other:

5.B. Other Activities:

i. Legal Services: Fee-generating activities

Under which funding sources did you serve these clients?: Foundation, Other/Unrestricted

ii. Other Services:

Describe Other Non-Legal Services:

6.A. Total number of impact litigation cases (include partner/co-counsel cases)

Report all impact litigation cases your organization engaged in during the previous calendar year, both open and closed.

2

6.B. Total number of advocacy activities

Report all advocacy activities your organization engaged in the previous calendar year, both completed and ongoing.

3

6.C. Summarize Additional Activities

If you engaged in more than 10 advocacy activities or more than 15 impact litigation cases in the previous calendar year, briefly summarize the nature of these additional activities.



Impact Case(s)

#	Case Name	Court Name	Case Status	View / Edit Template	Form Status
1	In re Lonnie Morris	Contra Costa Superior Court	Submitted		Closed
2	In re Patricia Krenwinkel	United States District Court for the Central District of California	Submitted		Closed

Advocacy Activity(ies)

#	Advocacy Activity	Type	Activity Status	View / Edit Template	Form Status
1	Attend Executive Meetings of the Board of Parole Hearings	Administrative	Ongoing		Submitted
2	State Assembly Hearing on California State Auditor's Report regarding prison programs (March 4)	Legislative	Completed		Submitted
3	State Budget Hearings (March 11 and March 21) regarding the Board of Parole Hearings' Budget Change Proposal names	Legislative	Completed		Submitted

III. Staffing and Volunteers



Staffing as of December 31

Personnel Category	Full-Time Staff	Number of People (Part Time)	Full-Time Equivalent (Part Time)	Total Staffing FTEs	Number of People (Temp Staff)	Total Hours (Temp Staff)	Number of people (Volunteer)	Donated Hours (Volunteer)
Attorneys	3	0	0.00	3.00	0	0	24	780
Paralegals	2	0	0.00	2.00	0	0	0	0
Law Students	0	0	0.00	0.00	0	0	24	1260
Professional Services	1	0	0.00	1.00	0	0	0	0
Clerical/Admin	2	0	0.00	2.00	0	0	5	500
Other Personnel	2	1	0.00	2.00	0	0	1	2000
TOTAL	10	1	0.00	10.00	0	0	54	4540

1.A. Professional Services and Other Personnel

For each position included under Professional Services and Other Personnel, state the title and full-time equivalent of the position(s).

Professional Services- Director of Operations - \$90,000 (FTE-1)
 Other- Deputy Director - \$0 (This is a volunteer position).
 Other- Development & Communications Associate - \$52,000 (FTE-1)
 Other- Parole Success Advocate - \$25,000 (Part Time)
 Other -Development Director - \$84,000 (FTE-1)

2. Use of Non-Legal Professionals

Describe how the organization utilizes non-legal professionals in its service delivery model.



Our Director of Operations is responsible for overseeing and ensuring the holistic success of our organization. The Director of Operations oversees HR, Finance, Development, Systems & Processes, and provides the critical oversight and support necessary to allow our legal staff to continue to implement our model and services.

Our Development and Communications Associate is responsible for driving fundraising (both individual donors and grant funding), cultivating media relationships and improving organization and mission visibility, as well as planning and managing fundraising and public awareness events. This work is critical to maintaining broad, community support, furthering our core mission messaging in legislative, legal, philanthropic and community forums, and generating funding for the organization to allow our continued work.

Our Deputy Director was responsible for some of the Director of Operations duties prior to that hire in September 2019, such as systems and HR. Additionally, the Deputy Director manages wrap-around counseling services as a key component of our unique legal advocacy model. This position oversees UnCommon Law's ever-ongoing parole-readiness curriculum development, assists in maintaining our available parole-readiness resources (online and via mail), manages volunteer therapists and counselors, and provides clinical therapeutic support to our direct representation caseload. Additionally, this position is responsible for providing therapeutic support to our attorneys and other staff, to facilitate a healthy, trauma-informed workplace in which second hand trauma is addressed and staff are supported in the emotionally difficult work they do.

Our Parole Success Advocate is responsible for supporting UnCommon Law clients serving life sentences through 1:1 parole preparation guidance and mentorship, as well as developing and facilitating UnCommon Law's individual and group curriculum. The Parole Success Advocate also engages in policy advocacy and community organizing and coalition building.

Our Development Director is responsible for overseeing all fundraising initiatives (both individual donors and grant funding), cultivating and managing media relationships and improving organization and mission visibility, as well as planning and managing fundraising and public awareness events. This work is critical to maintaining broad, community support, furthering our core mission messaging in legislative, legal, philanthropic and community forums, and generating funding for the organization to allow our continued work.

3. How many hours per week does the organization consider a full-time schedule?

Do not include non-numeric characters, this includes commas, periods, etc.

40.00

4. Staffing and/or Organizational Changes



Describe any significant changes in staffing levels or structure in the previous calendar year, and its impact on programmatic activities. Identify any significant vacancies and explain whether the organization is actively recruiting for the position, or is holding the position for budgetary or other reasons.

As a result of growing support for our work (at public policy, philanthropic, and cultural levels), UnCommon Law underwent significant growth in 2019. Our full time staff grew from five to eight (with two additional staff joining our team in early 2020), including a new senior staff member, our Director of Operations. Additionally, we had twelve new legal students join our Post-Conviction Advocacy legal clinic, assisting our staff attorneys in free, direct client representation. Increases in staffing allowed UnCommon Law to make significant strides in growing our scope of services: we transitioned away from 1:1 representation for fee-paying clients to a nearly fully pro-bono representation model (now fully pro-bono in 2020), engaged in broad dissemination of critical, one-of-a-kind parole-readiness resources across the entire state of California and engaged in policy advocacy, thought leadership and public education to advance the legal rights of those serving lengthy prison sentences. In 2019, we were able to directly reach over 2,000 incarcerated individuals in California, through a combination of providing legal resources-by-mail, parole consultations/transcript reviews, large group workshops for parole preparation and individual, direct representation. Our parole readiness materials are widely used across the state; beyond our regular resource mailings to those in prison who request them, an additional 900+ unique users accessed our resources online in 2019. While we are unable to track the circulation of these materials once inside prison, we estimate (based on anecdotal evidence) that our resources may have reached an additional 1,000 - 1,500 individuals in 2019 as a result of how resources are regularly passed between people in prison settings.

IV. Application for Pro Bono Allocation

To qualify for the pro bono allocation in the county(ies) in which the organization provides services, the organization must meet both these requirements (1) coordinate the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified organizations as its principal means of delivering legal services; and (2) demonstrate that its principal means of delivering legal services is “the recruitment of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California” through one of the three tests described in Eligibility Guideline 2.6.3. and 2.9.

1. Are you applying for a pro bono allocation per the qualifications listed?



If yes, the organization should annually recruit at least 30 attorneys, OR recruit at least five percent of the licensed attorneys in the county served, OR receive at least 1,000 hours of donated legal services from volunteer attorneys.

No

V. Quality Control Review

1. Quality Control Report

Has the organization received a written quality control review from the Legal Services Corporation, the California Department of Aging, or an Area Agency on Aging in the previous calendar year?

No

2. Legal Services Staff Supervision

Describe how legal services staff are supervised to ensure quality service. Identify supervisory personnel and provide information regarding their oversight (frequency of case management meetings, etc.). If there is only one staff attorney or the organization only employs contract attorneys, describe how oversight and quality control are ensured.

UnCommon Law Executive Director Keith Wattlely directly supervises his own Legal Assistant and Supervising Attorney Lilliana Paratore. Case management meetings happen weekly, and more frequently if the need arises. Supervising Attorney Lilliana Paratore supervises our staff attorney, Alec Weiss and a Legal Assistant. Case management meetings happen weekly and more frequently if the need arises. All legal staff are in regular and frequent contact to address any urgent issues as they arise. All legal filings and pleading require multiple levels of attorney review prior to submission. Informal advocacy letters and letters to clients are reviewed by supervising attorneys as necessary and dependent on the nature and content of the letter. Contract Attorneys are not employed by Uncommon Law.

3. Volunteer Supervision

Describe the method(s) by which volunteers (attorneys, paralegals, and law students) are supervised. If the organization does not actively supervise volunteers or review their work product, how does the organization ensure compliance with its quality standards?



Law students are directly supervised by Supervising Attorney Lilliana Paratore and meet with her on a weekly basis. Similarly, P-CAP law students report directly to, and are supervised by our Supervising Attorney and correspond, meet, or have phone calls with her on a regular basis depending on the status of their assigned cases. Undergraduate interns are jointly supervised by our staff attorney, supervising attorney and legal assistants. Volunteer attorneys are trained and supervised by our Supervising Attorney and Staff Attorney and are in frequent contact. All work/product created by volunteer law students and attorneys is reviewed by an attorney member of the UCL legal staff and often undergoes multiple rounds of edits and revisions.

4. Describe case opening and closing oversight practices.

When a potential client contacts UnCommon Law, the Program Support Coordinator or a Legal Assistant will conduct an intake with the client or their loved one to determine where the client is incarcerated and when their next hearing is expected to occur. If the potential client is at one of UnCommon Law's selected six prisons, and their hearing is expected to occur within the next 6 months to five years, UnCommon Law staff will take their case under consideration (placed on our waitlist) and notify them as soon as possible if an UnCommon Law attorney or our P-CAP team has room on their caseload to take the new client on. For clients whose hearings are in the more distant future (e.g., 3-5 years), UnCommon Law staff suggest a consultation rather than direct representation.

If the client is not at one of UCL's selected prisons, if the date of the expected hearing is more than five years away, or the date of the hearing is less than six months away, UnCommon Law staff will inform the client or their loved one that they cannot take the case at this time.

Once a decision to represent is made, UnCommon Law staff will notify the potential client and their loved one, and proceed with the client on-boarding process. Client on-boarding includes sending the client a welcome letter, demographic survey, client authorization and disclosure forms, fee agreement, and CDCR forms related to parole hearing representation. Once these forms are received and returned, the assigned attorney begins the client representation in whatever manner appropriate, e.g. confidential phone call, correspondence, or in-person prison visit. Legal Assistants assist in the creation of relevant client document storage and tracking systems, e.g. create physical file, create electronic folder, create Clio database record.

After the parole hearing, and within a week, UCL attorneys write a follow-up letter to the client recapping the hearing decision and explaining the decision review process. In the case of a grant, attorneys will stay closely in touch with the client as their grant moves through the decision review period. Attorneys follow the agendas that are posted for upcoming Executive Board meetings in case the Board takes action on the grant. As the client's release date approaches, attorneys follow our standard Release Procedure (see "UnCommon Law Client Release Procedures" in the Document Upload section of this application). Once the client is released, UCL staff send the client a case closing letter and requesting information from the client about their desire (or not) to have



access to their client file.

In the case of a denial, attorneys review the hearing transcript and consider ways to write an informal appeal or habeas petition. Attorneys clarify the scope of future representation in a hearing follow-up letter to the client, and fully explain legal options that are available. If the client no longer wants to engage with UCL, UCL staff send the client a case closing letter and requesting information from the client about their desire (or not) to have access to their client file.

UnCommon Law also offers pro bono consultations, in which a trained volunteer will review a consultation client's previous parole transcripts and provide concrete feedback and advice on how to improve future parole hearing outcomes. When a potential consultation client contacts UnCommon Law, staff will conduct an intake, take steps to match the client with a trained volunteer, and will monitor the case during and after consultation services. For more detailed information, see "Internal Procedures for UnCommon Law's Pro Bono Consultation Services" in the Document Upload section of this application.

VI. Sources of Funding

Use the table below to itemize the organization's sources of funding in the calendar year 2019.

Enter the cash amount received for each funding source. Do not include State Bar monies.

- Under Foundations, list the largest three grants by organization, and then add the remaining amounts together under Other Foundation Funding.
- Under Government Resources, for each Federal, State, and Cities and Counties, list the largest three grants by agency, and then add the remaining amounts together in the corresponding Other field.

Source	Amount Received
Individual Contributions	
Attorneys/Private Donors/Individual Gifts	\$278,736
Event Sponsorship/Special Events	\$44,565
Other	\$2,897
Total	\$326,198



Organizations

Bar Associations	\$0
Law Firms	\$0
Law Schools	\$0
Other, including subgrants from nonprofits	\$0
Total	\$0

Foundations

Subtotal

Meadow Fund	\$500,000
Crankstart	\$250,000
California ChangeLawyers	\$80,000
Other Foundation Funding	\$160,646
Total	\$990,646

Legal

Legal Services Corporation	\$0
Area Agency on Aging	\$0
Total	\$0

Government Resources

Federal (not LSC or OAA)	
N/A	\$0
N/A	\$0
N/A	\$0
Other Federal Funding	\$0
State	
N/A	\$0
N/A	\$0
N/A	\$0
Other State Funding	\$0
Cities and Counties	
N/A	\$0
N/A	\$0
N/A	\$0
Other City and County Funding	\$0
Total	\$0

**Residual and Cy Pres Awards**

State Court	\$0
Federal Court	\$0
Total	\$0

Fees and Reimbursements

Attorneys' Fees	\$24,870
Client-Paid Amounts	\$0
Cost Reimbursements	\$0
Other Professional Fees	\$0
Total	\$24,870

Other Cash Support

Rent Revenue	\$0
N/A	\$0
N/A	\$0
N/A	\$0
N/A	\$0
Total	\$0
TOTAL OF NON-STATE BAR REVENUE	\$1,341,714

1.A. Other Funding

Itemize sources included in any "other" line items listed in the Sources of Funding worksheet.

New Parkway film screening tickets:\$290.00
 Apple store credit return: \$54.62
 Dividends for stock (Fidelity): \$8.26
 Correct reconciliation discrepancy: \$503
 Adjust misc reconciliation discrepancy: \$0.01
 Tie outstanding security deposit to lease: \$400.00

VII. Total Corporate Expenditures

Organization's Fiscal December 31
Year End:



1. Upload Audited or Reviewed Financial Statement Ended in the Previous Year

Upload a final copy of the organization's audit or financial review for the organization's fiscal year ending in 2019; qualified expenditures will be calculated based on this document. Organizations with gross corporate expenditures less than \$500,000 can provide a financial review in lieu of an audited financial statement (Rule 3.680(E)(1)). It is also the obligation of the applicant to upload a copy of the most recent audit or financial review as soon as available, and no later than May 1, to the Organization Profile under the Documents tab.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If requesting an audit extension, upload an explanation (in lieu of the audit or financial review) with an estimate of when the audit or financial review will be finalized. The applicant should complete all sections of the application using reasonable estimates if the audit or financial review is not available. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.

UnCommon_Law_2019_Final_Audit_Report.pdf

250.9 KB - 06/11/2020 1:17PM

Total Files: 1



Total Corporate Expenditures

NON-CASH		Expenditures
In-kind/Donated Services		\$491,909
Unrealized Losses		\$12,350
Other		\$0
Total Non-Cash Items		\$504,259
PASS-THROUGH / FISCAL SPONSOR		Expenditures
Pass-through		\$0
Total Pass-through		\$0
PERSONNEL		Expenditures
Attorneys		\$252,626
Paralegals		\$156,933
Other Staff		\$36,075
Subtotal		\$445,634
Employee Benefits		\$35,476
Total Personnel		\$481,110
PERSONNEL		Expenditures
Attorneys		
Paralegals		
Other Staff		
Subtotal		
Employee Benefits		
Total Personnel		
NON-PERSONNEL		Expenditures
Space		\$40,191
Equipment Rental and Maintenance		\$4,057
Office Supplies and Small Equipment		\$6,455
Printing and Postage		\$5,606
Telecommunications		\$3,174
Technology		\$0
Program Travel		\$37,331
Training		\$2,927



Library	\$0
Insurance	\$5,450
Audit	\$0
Litigation	\$0
Depreciation	\$0
Contract Service to Clients	\$0
Contract Service to Program	\$0
Other	\$74,624
Total Non-Personnel	\$179,815
TOTAL EXPENDITURES (Personnel + Non-Personnel +Non-Cash+Pass-through)	\$1,165,184
TOTAL QUALIFIED CORPORATE EXPENDITURES (Personnel + Non-Personnel)	\$660,925

Please itemize all expenses included under Other (Non-Personnel).

Program Supplies: \$772.96
 Legal Professional Dues and Subscriptions: 4,736.60
 Legal and Court Costs:\$200.50
 Other Contractors and Professional Fees: 29,582.15
 Stipends: 5,685.00
 Accounting: 11,300.00
 Non Legal Dues and Memberships: 5,544.46
 Staff and Volunteer Recognition: 4,264.89
 Taxes and Fees: 350.00
 Payment Processing and Bank Fees: 2,652.28
 Event Expenses: 9,536.02

3. Explain Any Variance

If your organization's reported corporate expenditures do not align with your organization's uploaded audit, please explain the variance.

There may be rounding differences for slight variance

VIII. Qualified Expenditures



Questions	Amount	Explanation
1. Total Corporate Expenditures from the previous fiscal year	\$660,925	
2. Did the corporation engage in activities other than the delivery of legal services?	\$0	
3. Did the corporation lease or sublease space to another organization?	\$0	
4. With regards to leased or subleased space, did the organization incur property management expenses, whether as primary owner or lessor?	\$0	
5. Did you provide legal services in criminal matters?	\$0	Some of our Board of Parole Hearing (BPH) representation clients pay a steeply discounted rate of \$4-5000 for representation.
6. Did you charge clients for any legal services in civil matters, other than requiring payment for costs and expenses or processing fee of \$20 or less?	\$80,328	<p>We have accounted for personnel time related to these expenses (16.3%) and treated all expense line items to account for any fee-paying representation using this discount or a more appropriate discount in the case of phone (5%), travel (10%), Legal and Court costs (56%), or not including expense items that are other program specific, such as events, staff training and development, accounting, etc. Full documentation provided.</p> <p>In 2020 we implemented a policy for all BPH clients to be pro-bono (all resource clients and consultation clients are already pro-bono).</p>
7. Did you provide any free civil legal services to persons who were not indigent as defined in B & P Code Section 6213(d) and Eligibility Guidelines 2.3.3 and 2.3.4, or to organizations not providing benefits primarily on behalf of indigent?	\$0	
8. Did you provide free civil legal services outside California?	\$0	



9. Did your organization incur expenses that did not contribute to the provision of civil legal services to indigent people and that were not itemized above? \$0

10. TOTAL EXPENDITURES FOR NON-QUALIFIED ACTIVITIES \$80,328

11. SUB-TOTAL OF QUALIFIED EXPENDITURES \$580,597

12. PERCENT OF QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS

Once you have completed and saved the Qualified Expenditures table above, click the "Save & Finish Later" button below to calculate this percentage.

87.85%

12.A. Less than 75% Explanation

If the percentage of expenditures for free civil legal services to indigent persons calculated above is less than 75 percent, explain how the organization meets the primary purpose requirement for funding (B&P §6213(a)).

13. Exchanged Funds

Did the organization exchange funds with another legal services project that is applying for a State Bar grant?

No

14. TOTAL DEDUCTION OF EXCHANGED FUNDS

\$0

15. Shriver Funds

Enter funds received for a grant (or subgrant/subcontract) for a pilot project pursuant to the Sargent Shriver Civil Counsel Act of 2009.

\$0



16. TOTAL QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$580,597

Enter all IOLTA and EAF expenditures for 2019 in 17a and 17b, respectively. This should include any carry-over from 2018

Reference Button:

17.A. IOLTA Expenditures Net of Capital Additions (FISCAL YEAR)

\$0

17.B. EAF Expenditures Net of Capital Additions (FISCAL YEAR)

\$0

17.C. IOLTA AND EAF EXPENDITURES NET OF CAPITAL ADDITION EXPENDITURES (AUTO-CALCULATED)

\$0

18. GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$580,597

19. Upload Any Additional Expenditure Documents

Include any additional documents regarding the information entered in this form.



Alec_Weiss_Memo_-_Time_Spent_in_CY_2019_(1).pdf

186 KB - 06/11/2020 1:22PM

Keith_Wattley_Memo_-_Time_Spent_Q1_2019.pdf

193.6 KB - 06/10/2020 2:30PM

Keith_Wattley_Memo_-_Time_Spent_Q2_2019.pdf

195.5 KB - 06/10/2020 2:30PM

Keith_Wattley_Memo_-_Time_Spent_Q3_2019.pdf

194.4 KB - 06/10/2020 2:30PM

Keith_Wattley_Memo_-_Time_Spent_Q4_2019.pdf

200.8 KB - 06/10/2020 2:30PM

Lilliana_Paratore_Memo_-_Time_Spent_CY_2019_(1).pdf

205.5 KB - 06/12/2020 11:19AM

UPDATED_UnCommon_Law_2019_Section_VIII_Qualified_Expenditures_Supporting_Documentation.xlsx

27.6 KB - 06/30/2020 2:51PM

UnCommon_Law_2019_Section_VIII_Qualified_Expenditures_Supporting_Documentation.xlsx

2.7 MB - 06/11/2020 5:22PM

Total Files: 8

VIII-A. Expenditures by County

GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$580,597

1. Allocation of Expenditures for Each County



Expenditures by County

Previous Fiscal Year Quarterly Reports:

In the tables below, indicate the amount of total expenditures for free civil legal services to indigent persons in California for each county.

The total amount of the "Qualified Expenditures" column should equal the amount that appears at the top of this form. IOLTA and EAF expenditures should match Quarterly Report submissions for your fiscal year ending in 2019, including any carry-over from 2018. Reference the "View" button located



above this instruction box to view your Quarterly Report submissions for your fiscal year ending in 2019.

Click "Save" within the table, then "Save & Finish Later" to update county tables.

Update Form II if the appropriate counties are not appearing.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If submitting the application without a final audit or financial review, the applicant should complete all sections of Form VIII-A using reasonable estimates. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.

Alameda

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Alpine

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Amador

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$22,760	\$0	\$0	\$22,760

Butte

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Calaveras

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0



Colusa

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Contra Costa

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Del Norte

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$11,501	\$0	\$0	\$11,501

El Dorado

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Fresno

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$13,555	\$0	\$0	\$13,555

Glenn

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Humboldt

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Imperial



County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$9,672	\$0	\$0	\$9,672

Inyo

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Kern

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$49,062	\$0	\$0	\$49,062

Kings

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$43,385	\$0	\$0	\$43,385

Lake

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Lassen

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$26,809	\$0	\$0	\$26,809

Los Angeles

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$9,876	\$0	\$0	\$9,876

Madera



County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$85,974	\$0	\$0	\$85,974

Marin

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$55,771	\$0	\$0	\$55,771

Mariposa

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Mendocino

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Merced

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Modoc

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Mono

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Monterey



County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$34,461	\$0	\$0	\$34,461

Napa

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Nevada

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Orange

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Placer

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Plumas

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Riverside

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$45,914	\$0	\$0	\$45,914

Sacramento



County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$27,264	\$0	\$0	\$27,264

San Benito

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

San Bernardino

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$9,716	\$0	\$0	\$9,716

San Diego

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$15,308	\$0	\$0	\$15,308

San Francisco

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

San Joaquin

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$41,818	\$0	\$0	\$41,818

San Luis Obispo

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$18,469	\$0	\$0	\$18,469

San Mateo



County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$10,485	\$0	\$0	\$10,485

Santa Barbara

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Santa Clara

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Santa Cruz

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Shasta

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Sierra

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Siskiyou

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Solano



County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$36,202	\$0	\$0	\$36,202

Sonoma

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Stanislaus

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Sutter

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Tehama

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Trinity

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Tulare

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Tuolumne



County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$12,592	\$0	\$0	\$12,592

Ventura

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Yolo

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

Yuba

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$0	\$0	\$0	\$0

County Totals

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
580594	0	0	580594

IX. Certifications & Assurances

Upload Signed
Certifications &
Assurances Document:

UnCommon_Law_2019_Certifications_and_Assurances.pdf
580 KB - 06/11/2020 1:31PM

Total Files: 1

Supporting Documents (Optional)



When naming optional supporting documents, please include the Organization's acronym (or short name) and a 1-5 word description of the file.

Internal_Procedures_For_UnCommon_Law's_Pro-Bono_Consultation_Services.pdf

225.3 KB - 06/08/2020 1:09PM

UnCommon_Law_By-County_Expenditures_Allocation.xlsx

23.8 KB - 06/15/2020 10:41AM

UnCommon_Law_Client_Release_Procedures.pdf

228.8 KB - 06/08/2020 1:09PM

Total Files: 3

Grant Adjustment:

**Check Request to
Finance:**

Key Documents Review (Org. Profile)

**IRS Determination
Letter:**

15.01.13_Letter_re_Tax-Exempt_Status.pdf

43.2 KB - 07/02/2015 11:03AM

Total Files: 1

Board Roster :

UnCommon_Law_Board_of_Directors.pdf

741.2 KB - 05/28/2020 3:23PM

Total Files: 1



The State Bar *of California*

DATE: August 14, 2020

TO: Members, Legal Services Trust Fund Commission

FROM: Members, LSTFC Eligibility & Budget Review Committee

SUBJECT: Housing Rights Center Eligibility Recommendation for 2021 IOLTA and EAF Funding

EXECUTIVE SUMMARY

Housing Rights Center (HRC) is a first-time IOLTA/EAF applicant, applying as a legal services project. The organization was first recognized by the Internal Revenue Service as a 501(c)(3) nonprofit in 1969. It operates in Los Angeles and Ventura counties with a mission of providing “active support and promotion of freedom of residence through education, advocacy, and litigation.” Most of its services center on education and lower-level interventions to enable tenants to assist themselves prior to pursuing litigation, and its primary source of funding is through Community Development Block Grants (CDBG).

A working group comprised of three members of the Eligibility & Budget Review Committee (Banafsheh Akhlaghi, Erica Connolly and Herman DeBose) held an Eligibility Review Conference (ERC) with HRC on July 29. In attendance from HRC were Executive Director Chancela Al-Mansour, Director of Litigation Scott Chang, and Director of Finance Danny Batalla.

The issues addressed at the ERC included:

- Whether HRC’s primary purpose and function is the provision of legal services to indigent persons without charge, including questions regarding:
 - Whether services offered by HRC satisfy the definition of “legal services” as defined by the IOLTA statute and the Rules of the State Bar; and
 - If HRC has an appropriate methodology for calculating its qualified expenditures and whether that methodology has been correctly applied in this application.
- HRC’s division of expenses among Los Angeles and Ventura counties and whether it has an accurate way to track and report expenditures by county; and
- Information missing from the application that would be necessary to determine HRC’s qualification as a legal services project.

The working group requested additional information from HRC regarding its expenditures in order to have a complete application. The working group requested that HRC submit this information no later than noon on July 30. HRC was unable to comply with the request, leaving

its application incomplete. Consequently, the Eligibility & Budget Review Committee (Committee) voted on August 6 to recommend that HRC be found ineligible for IOLTA/EAF funding in 2021 for failure to submit a timely and complete application.

BACKGROUND

Organizational Description

HRC describes itself as “California’s largest non-profit civil rights organization dedicated to securing the right to equal access in housing.” It operates in Los Angeles and Ventura counties and seeks allocations for both counties. HRC has a staff of approximately 30 people and provides services in the following four areas:

- (1) Housing Discrimination Complaint Investigation (staff: 10)
- (2) Fair Housing Landlord/Tenant Counseling (staff: 9)
- (3) Education and Outreach (staff: 3), and
- (4) Fair Housing Legal Services (staff: 4)

The remaining employees are administrative/executive staff. The organization reported \$1,947,183 in total corporate expenditures in fiscal year 2019. The audit states that the “majority of its funding is received from federal financial assistance pass-through awards originating with the United States Department of Housing and Urban Development.” HRC applies income eligibility guidelines as prescribed by HUD’s Community Development Block Grants (CDBG).

Governing Authorities

- Business & Professions Code sections 6210 (Preamble to IOLTA Statutes), 6213(a) (“primary purpose”), 6213(d) (“indigent person”), 6214(a) and (b) (eligibility criteria for legal services projects), 6216(b) (allocation calculation methodology)
- State Bar Rules 3.671(A) and (C) (“primary purpose”); 3.672(A) (“legal services”); 3.680 (application requirements)
- Legal Services Trust Fund Program Guidelines – Legal Services Projects, Guideline 1.4. (application requirements), 2.3.2. (“without charge”), 2.3.4. (“indigent”)

DISCUSSION

IOLTA grants are intended to improve access to civil legal services for indigent people, as stated in the preamble to the IOLTA statute.¹ Interest on Lawyers’ Trust Accounts (IOLTA) grants and Equal Access Fund (EAF) formula grants must be used to provide legal services. To be found

¹ Business & Professions Code § 6210; “IOLTA statute” refers to Business and Professions Code sections 6210 through 6228, which govern the administration of the IOLTA grants.

eligible for these grants, HRC must have as its primary purpose and function providing legal services without charge to indigent persons.² It must also have a complete and accurate application that will allow staff, among other things, to determine whether they meet threshold requirements as a legal services project.

A. Primary Purpose

To be considered a qualified legal services project, HRC must provide “as its primary purpose and function legal services without charge to indigent persons.”³ To determine the organization’s primary purpose, the IOLTA/EAF application instructs the applicant to separate out its expenditures devoted to providing such free legal services to indigent persons in the prior fiscal year (referred to as “qualified expenditures”) and calculates those as a percentage of the organization’s total corporate expenditures.⁴

If the applicant organization’s qualified expenditures constitute 75 percent or more of its corporate expenditures, the organization is presumed to meet the primary purpose requirement.⁵ If qualified expenditures are less than 75 percent of corporate expenditures, an applicant must provide a narrative response to be reviewed by the Eligibility and Budget Review Committee.⁶ Historically, the Committee has recommended organizations with qualified expenditures between 50 and 75 percent as eligible for funding.

A number of factors impact what an organization can and cannot count as a qualified expenditure for purposes of eligibility for IOLTA/EAF funding. This includes services to non-indigent persons and services that do not qualify as “civil legal services.” Applicants are not prohibited from serving non-indigent persons or providing services other than legal services, but they must make appropriate deductions to ensure that only qualified expenditures count toward their grant allocations.

1. Deducting Services Provided to Non-Indigent Persons

HRC reports that it uses CDBG guidelines from HUD to track client income, but it does not limit its services based on income. Further, the application states elsewhere that “HRC provides services to **all residents over 18 years of age** in the areas of Los Angeles and Ventura counties that we serve. A large majority of individuals requesting services are in the **low to moderate income classifications** as provided annually by HUD” (emphasis added).

The example given in the application reflects the income ranges applied in Los Angeles. The chart shows that 80 percent area median income (AMI), which meets the moderate income classification, for a family of four would be up to \$90,100 per year, and 50 percent AMI (low income classification) for the same household would be \$56,300 per year. In contrast, an

² Business & Professions Code § 6213(a).

³ Business & Professions Code § 6213(a)(1).

⁴ The organization’s grant award is also calculated based on the amount of qualified expenditures, not the total corporate expenditures.

⁵ State Bar Rule 3.671(A).

⁶ State Bar Rule 3.671(C).

“indigent person” under the IOLTA statute is a person whose income is 125 percent or less of the federal poverty level (FPL);⁷ in 2020 for a family of four, that would be \$32,750 per year.

The IOLTA/EAF application asks several questions to prompt applicants to make appropriate deductions from their qualified expenditures. This includes whether civil legal services were provided to non-indigent persons and charging for services. HRC did not make any deductions and reported 100 percent qualified expenditures. Given the information provided elsewhere in the application, it seems apparent that deductions should have been made.

It is unclear what percentage of HRC’s services are provided to non-indigent individuals; even if the majority of HRC’s clients are in the low to moderate income ranges mentioned above, the deductions are likely to be significant, because the HUD income ranges are not equivalent to those used for IOLTA and EAF grants. Staff notified HRC more than once that it appears that deductions should have been made on its qualified expenditures form, and staff asked HRC to revisit this form and make any appropriate deductions, but none were made prior to the date of the Eligibility Review Conference.

Another open question is the nature of the organization’s impact work. HRC reported participation in several impact litigation cases, but the corresponding Impact Litigation and Advocacy Work forms were not completed. Consequently, staff was unable to determine if these cases were undertaken primarily for the benefit of indigent persons.⁸ If not, work related to those cases would need to be deducted as well from HRC’s qualified expenditures.

During the ERC, HRC stated that it captures client income but does not deny services or charge based on that information. The organization reported that the majority of its clients are below 80 percent AMI but acknowledged that this is not the same as the IOLTA standard. HRC hoped to be able to implement a mechanism in its case management system to measure this but had not yet been able to separate out the amount of expenditures for services provided to indigent persons under the IOLTA definition. HRC also provided examples of two of their impact litigation cases, which involve low-income renters. HRC mentioned that it often represents itself in housing litigation because of the difficulty finding tenants who are willing to be named plaintiffs. However, the organization did not complete the Impact Litigation and Advocacy Work report forms for those or any other impact cases after the ERC in order for staff to assess whether they met the requirements to be considered qualified expenditures.

2. Deducting Non-Qualified Legal Services

HRC has four main service areas: Housing Discrimination Complaint Investigation; Fair Housing Landlord/Tenant Counseling; Education and Outreach; and Fair Housing Legal Services.

Of a staff of approximately 30, HRC’s legal department is comprised of four people: Director of Litigation, staff attorney, paralegal, and legal secretary. (This does not include the Executive Director, who is also an attorney.) In addition to their own caseload, HRC reports that the legal

⁷ Business & Professions Code § 6213(d).

⁸ Eligibility Guidelines for Legal Services Projects, Guideline 2.3.4.

department reviews correspondence from HRC's housing investigators to ensure the applicable housing law was correctly cited.

The application does not provide an answer to the question about incorporating non-legal staff in HRC's service delivery model. Without knowing more, some services present questions about whether they constitute "legal services" as contemplated by the statute.⁹ For example, housing discrimination investigations are likely integral components of gathering evidence to pursue a viable housing discrimination legal claim. However, HRC's investigations department is not under the supervision of an attorney (though there is some input from the legal department), and, if no or insufficient evidence exists to support a legal claim, the matter ends without referral to the legal department.

Further, HRC's education and outreach entails workshops and programs, as well as written materials, that target a diverse audience of landlords, realtors, tenants, potential homebuyers, government officials and local nonprofits. Its Fair Housing Certification Training seminar for landlords and property managers charges \$100-150 per person, and HRC updates affordable housing resources and rental listings on its website monthly.¹⁰

During the ERC, HRC discussed its landlord/tenant counseling services and housing discrimination investigations. HRC said that the counseling services include a disclaimer that they are not legal services and typically result in referral to relevant service providers based on the issue presented, or provide the caller with the applicable law related to their concerns. The counselors are not under the supervision of an attorney, but the legal department works on developing the information offered to callers and reviews the information that was shared after the fact for accuracy. There is not currently a mechanism for separating out calls that might constitute advice and counsel versus simply informational or referral calls.

The housing investigators typically receive discrimination complaints and/or reasonable accommodation requests. HRC confirmed that investigations do not always reach the legal department, but attorneys will review the correspondence sent by investigators to landlords to ensure they are correctly citing the law. Investigators also meet with the legal department before filing any sort of administrative action or to discuss potential legal issues in their cases.

There was brief discussion about HRC's outreach and education. HRC stated that it is contractually obligated to offer presentations and trainings to landlords and property managers, but they are not often requested to provide those trainings, and that the bulk of the work in this category is targeted to low-income renters as well.

⁹ "'Legal services' include all professional services provided by a licensee of the State Bar and similar or complementary services ... under the supervision and control of a licensee of the State Bar ..." State Bar Rule 3.672(A).

¹⁰ Information taken from HRC's website, not the application.

B. Determining Expenditures by County

The application provided a narrative response explaining that most of HRC's expenditures are in Los Angeles County. It provided general information about funding received in Ventura County, but Business and Professions Code section 6216(b) states that funds will be disbursed on a county-by-county pro rata basis. The application requires specific information regarding qualified expenditures in each county in order to ensure proper allocations are made when staff applies the formula in the statute. There is insufficient information to determine qualified expenditures in Los Angeles versus Ventura, and consequently, appropriate allocations for each if HRC were to receive funding in both counties.

This breakdown was requested as part of the follow-up information to be submitted, but HRC was unable to provide these details by the deadline.

C. Committee Recommendation

The working group asked HRC to provide the missing information in its application by noon on July 30. Specifically, HRC was asked to provide an accounting of its expenditures devoted to non-indigent persons and to services that would not be considered "legal services" under the statute and rules in order to determine its qualified expenditures in each county. They also requested a copy of HRC's income eligibility guidelines. Finally, the working group suggested that HRC work with staff before and during the application process in the future in order to ensure compliance with the application requirements.

Staff followed up with an email to HRC summarizing the requested information shortly after the meeting ended, explaining that a funding allocation could not be determined without it. Staff further informed HRC that if the requested information was not provided, the recommendation to the Committee would be to find HRC ineligible for 2021 funding because the application would be incomplete.

Staff received a response from HRC on July 30 that indicated it was not able provide the requested information but would return to seek funding in the future. Consequently, the working group recommended that HRC be found ineligible for 2021 IOLTA/EAF funding under State Bar Rule 3.680 and Eligibility Guideline 1.4 of the Eligibility Guidelines for Legal Services Projects, for failing to submit a timely and complete application. The Committee adopted this recommendation to the Commission.

ATTACHMENTS LIST

- A.** Excerpts from Governing Authorities: Business and Professions Code; Rules of the State Bar of California; Legal Services Trust Fund Program Eligibility Guidelines for Legal Services Projects



Grant Year: 2021

Due Date: June 15, 2020 at 5:00pm PST

Prepared by: [Chancela Al-Mansour](#)

Email: Calmansour@housingrightscenter.org

Contact Phone: 213-387-8400

Funding Opportunity: **IOLTA LSP**

Project Title: **3598-IOLTA LSP-2021-Housing Rights Center-**

Program Name: **Housing Rights Center**

Applicant Title: **Executive Director**

Address: **3255 Wilshire Blvd. Suite 1150**

City: **Los Angeles**

I verify the information in the Organization Profile is accurate and up to date.

I verify that I have read, and am familiar with, the eligibility guidelines for IOLTA funding for legal services projects.

I. Eligibility Criteria

1. New or Currently Funded Applicant

Initial Funding or Returning Applicant not Currently Funded as a Legal Services Project

2. Applicant Type

A nonprofit corporation that provides civil legal services to the indigent without charge as its primary purpose and function

Upload a letter of support from the law school dean describing the history of the law school clinical program.

3. Applicant Eligibility

Select all that apply



Upload an LSC grant award letter or a subcontract showing the amount of LSC funds awarded through another agency.

Upload a contract, determination letter, or subcontract indicating the amount of Older Americans Act funds awarded.

An organization that receives at least \$20,000 annual cash funds from sources other than the State Bar of California to support free legal representation to indigent persons (as reflected in the Total of Non-State Bar Revenue calculated on Form VI) and can show community support for the program

3.A. Community Support

Describe the community support for the operation of a viable, ongoing program.

3.B. Which of the following services does your organization provide?

Provides legal representation, training, or technical assistance on matters concerning indigent special client groups, or substantive law important to special client groups

Special Client Group(s) Served	Nature of Assistance

II. Description of Organization



Provide a comprehensive but concise description of the entire organization's work in the previous calendar year. Currently funded organizations should not limit responses to activities funded by the State Bar.

Click "Save & Finish Later" after adding counties.

County

Los Angeles

Ventura

1. Organization's Mission and Vision

The Housing Rights Center is California's largest non-profit civil rights organization dedicated to securing the right to equal access in housing. The Housing Rights Center's ("HRC") mission is to actively support and promote fair housing through education and advocacy, to the end that all persons have the opportunity to secure the housing they desire and can afford, without discrimination based on their race, color, religion, gender, sexual orientation, national origin, familial status, marital status, disability, ancestry, age, source of income, or other characteristics protected by law.

2. Core Programs

Describe the organization's core programs as reflected in promotional materials (include a summary of all work, not just activities funded by State Bar monies).

The Housing Rights Center offers the Fair Housing Program which includes services from four key areas: (1) Housing Discrimination Complaint Investigation, (2) Fair Housing Landlord/Tenant Counseling, (3) Education and Outreach, and (4) Fair Housing Legal Services. HRC assists residents with discrimination and landlord/tenant issues.

Discrimination Inquiries

HRC's Counseling Department staff is trained to provide counseling on landlord/tenant, fair housing, and predatory lending law. HRC conducts periodic training to assure that staff is current on changes to applicable legislation. In order to screen calls for fair housing issues, HRC's Counselors are trained to ask basic questions that are likely to reveal potential discrimination without prompting the caller to prematurely identify discrimination as the cause. When the Counselor suspects that discrimination may be a factor in the caller's problem, the



Counselor will complete the Discrimination Inquiry component of the intake database, for which we obtain contact and site information, as well as demographic information about the client.

The Counselors refer the inquiry to the Director of Investigations (“DOI”), who will review the basic allegation and assign the inquiry to one of several Case Analysts (“CAs”). The CA conducts a more thorough phone interview with the client who has alleged discriminatory practices.

If the CA determines there is cause to suspect discrimination has occurred or is occurring, he or she consults with the DOI. If the client agrees that agency intervention is appropriate, the CA will schedule an intake interview.

Discrimination Cases

Intake: HRC’s intake form gives us a comprehensive picture of the rental scenario and is the first step toward launching an investigation. The intake form includes all contact information for the client, demographic data, and tenancy information. Upon completion of the intake, a case number is assigned and the CA and DOI meet again to discuss case investigation strategy.

Case Investigation: HRC uses five (5) principal methods when investigating complaints of housing discrimination. While paired testing and surveying are the most common, all methods can be an important part of gathering evidence and each is used as appropriate.

(1) Testing: Every effort is made to initiate testing in cases where it is appropriate as soon as possible after intake. Typically, this is within 2 or 3 days of the initial complaint. A concerted effort is made to test immediately in complaints by a prospective renter of a refusal to rent. HRC has designed standardized report forms to elicit information gathered during tests. The forms require testers to provide a comprehensive narrative of their experience in addition to detailed specific information. The Case Analyst compares and analyzes the reports. HRC’s staff conducts both sales and rental testing. We have over 50 active testers who are able to conduct testing as needed. We also conduct quarterly training sessions for new testers in order to fill ongoing needs in our testing pool.

(2) Surveys: When testing is not possible or appropriate, for example, if there are no vacancies or because the allegation is by an in-place tenant complaining of harassment, HRC will often conduct surveys of other tenants at the complaint address. This is often the case where the apartment building has only a small number of units and tenant turnover is minimal. We seek comprehensive information from those surveyed about their tenancy, as well as their general impressions about the conditions at the complaint address, with specific attention to the issues raised in the complaint. When other tenants of the same protected class as the client report similar treatment, surveys provide strong evidence of a pattern or practice of discrimination and become invaluable in conciliation efforts and/or settlement negotiations.

(3) On-site Visits: On-site visits by HRC’s staff can be an important investigative tool when the physical conditions of the rental premises are at issue. This is often the case in an investigation of alleged disability



discrimination. Physical evidence, such as photographs and diagrams, will verify the lack of an accommodation, such as a ramp, and the feasibility of installation.

(4) Witness Statements: Clients frequently have witnesses who can verify elements of their allegation. HRC interviews the witnesses and documents the information they provide in signed and dated declarations. As with surveys, this sort of corroborating evidence is key in subsequent efforts to resolve the housing issue.

(5) Document requests and review: When building a case, HRC seeks to maintain a complete file of the tenant and landlord's interaction. HRC will obtain rental agreements, advertisements, notices, and any correspondence that has been exchanged. We also conduct respondent property searches. This helps us determine whether there are other testing options, which can assist in establishing a pattern and practice of discrimination.

Findings: Once HRC has concluded its investigation, a determination is made about the strength of the evidence that corroborates the client's allegation of discrimination, assigning the case one of three possible findings. The strongest finding, "Sustains Allegation" (SA), is given to those cases for which we have obtained sufficient evidence to pursue diligent advocacy and/or legal remedies for the client. When the evidence HRC has obtained partially supports the allegation, or is otherwise inadequate for us to take further steps, we designate a finding of "Inconclusive Evidence" (IE) of discrimination. When the investigation reveals that the complaint lacked merit as a fair housing violation, HRC makes a finding of "No Evidence of Discrimination" (NED).

Resolution of Complaints: If HRC's investigation finds evidence supporting the allegation of discrimination, we work with the client to achieve his or her goal. At the intake interview, the CA will have explained the available options to the client and determined the client's goals. This fundamental question drives the investigation, and results in our office pursuing one of the following actions:

(1) Conciliation: This is often HRC's first step in trying to resolve the problem. When conciliating a complaint, the agency acts as an advocate for the client. Typically, HRC contacts the respondent by letter and details the basis of the allegation, the results of our investigation, the applicable law, and a proposed solution. If the client's goal is to secure the housing at issue, this will be our first priority. These "complaint letters" give the respondent an early opportunity to avert further action. It also serves to put the respondent on notice that HRC has and will continue to intervene on the client's behalf.

Occasionally, a respondent is unaware that a violation of fair housing law has occurred and is willing to make a good faith effort to correct the problem. HRC obtains that assurance in writing and continues to monitor the situation. When the client feels that the issue is resolved, the case is closed as "Successfully Conciliated" (SC).

There are times, however, when a respondent is unwilling to consider conciliation. As before, HRC presents the client with his or her remaining options. If there is strong evidence of discrimination, HRC encourages the client to consider legal remedies.



- (2) Referral to a Government Administrative Agency: Another option for clients is to file with one of two governmental agencies: the California Department of Fair Employment and Housing (DFEH), and the U.S. Department of Housing and Urban Development (HUD). When a client chooses this option, HRC cooperates with the government agency through document sharing. We also track the resolution of these referred cases.
- (3) Referral to Litigation Dept. and Continued Investigation: When HRC has gathered evidence sustaining an allegation of discrimination, and the respondent has been unwilling to conciliate the matter or the client's stated goal is litigation, we pursue the appropriate legal remedies. HRC's Legal Department is able to represent clients in federal and state court. When the alleged discrimination practice implicates housing policy or gives HRC an opportunity to highlight an issue of particular importance, HRC will join as a plaintiff.

General Housing and Landlord/Tenant Referrals

HRC provides telephone and in-person counseling to both tenants and landlords regarding their respective rights and responsibilities under California law and local city ordinances. In addition to answering basic housing questions, Counselors advise clients on how to resolve their housing problems or issues. For example, staff members commonly cite specific civil codes that pertain to the client's matter and/or provide sample letters that discuss a particular issue. Often, a tenant will write to his or her landlord about a particular matter per the advice of a staff member, and is able to work out a quick and satisfactory resolution. Tenant/landlord counseling not only facilitates housing-rights education of residents, but also serves to empower them in their efforts to achieve fair housing for themselves and in their communities. In HRC's database, we refer to these calls as "resolved" since HRC has provided the caller the information required to resolve the issue on their own. When Counselors determine that a particular client's matter is outside the scope of our agency's services, we provide appropriate referral information. Using referral books compiled by HRC, staff members provide clients with agency names, phone numbers, and addresses in that client's locality. These referral lists are updated regularly to verify that the services continue to be provided. These agencies include, but are not limited to local housing authorities, health and building & safety departments, and other social service providers.

Education and Outreach

HRC continuously develops and distributes written materials that describe the applicable laws that protect against housing discrimination and ways to prevent housing injustices. Additionally, we present fair housing law workshops and programs to our target audiences to teach communities how to stop housing inequity problems. Our materials and programs are offered to a variety of audiences such as property personnel (e.g. landlords, property managers, and realtors), tenants, prospective homebuyers, code enforcement personnel, city employees and other non-profit organizations. Depending on the audience, the written materials and presentations can be translated by staff into Armenian, Chinese, Korean, Spanish or Russian.



Community Booths: HRC regularly staffs booths at community festivals, apartment owner association annual events, college events, and other events as they occur. The agency has developed eye-catching poster boards and banners that have proven helpful in drawing attendees to our booths.

Development and Distribution of Materials: HRC has developed materials that describe how housing injustices arise, the applicable laws that protect against housing discrimination and ways to prevent housing inequity. Our materials are offered to a variety of audiences and have been translated into Spanish, Armenian, Chinese, Korean and Russian.

Our Agency brochure summarizes fair housing protections and encourages those with questions to contact us through our toll-free hotline for more information. HRC has specialized brochures targeting housing professionals, families with children, the disabled community, and prospective homebuyers. We also have a brochure that provides an overview of the eviction process and one that focuses on why it is important to report housing discrimination.

Website: HRC's website, www.housingrightscenter.org, includes comprehensive fair housing information and resources, descriptions of our services, and the ability to submit questions by email. HRC's website also features a fair housing blog which is updated regularly with news on fair housing laws and cases. Additionally, HRC has a comprehensive social media presence through the use of Facebook and Twitter. HRC welcomes the City to provide a link to HRC's website on the City's website. Since its inception, HRC's website has received over 580,000 hits.

Education Programs for Property Owners and Managers: HRC holds Fair Housing Certification Training Seminars for landlords and property managers. These four-hour seminars are tailored to provide landlords with detailed analysis of fair housing law and interpretation, with specific information on discrimination against families with children, disability provisions, sexual harassment, hate crimes, and advertising.

3. Client Population

Describe the constituencies served by the organization. Include demographic information, such as age, gender, ethnicity, income levels, and any other characteristics particular to the service population.

HRC provides services to all residents over 18 years of age in the areas of Los Angeles and Ventura Counties that we serve. A large majority of individuals requesting services are in the low to moderate income classifications as provided annually by HUD.

4. Income Eligibility for Services



Describe how the organization verifies and documents an individual's income eligibility for services. Identify all income criteria and guidelines used to establish eligibility for services.

HRC sends HUD based Community Development Block Grant (CDBG) income eligibility forms to clients. Self-certification for information and advice is okay. Proof of income is the case is accepted and we use CDBG funding. HRC never bills the client directly for representation, court costs or fees. CDBG Income Limits* for PY 20120

Source: U. S. Department of Housing and Urban Development (HUD)

(Based on median family income for Los Angeles-Long Beach-Glendale HUD Metro FMR Area)

1 Person 2 Persons 3 Persons 4 Persons 5 Persons 6 Persons 7 Persons 8 Persons

Extremely Low

(0%-30%)

\$ 23,700

\$ 27,050

\$ 30,450

\$ 33,800

\$ 36,550

\$ 39,250

\$ 41,950

\$ 44,650

Low

(31%-50%)

\$ 39,450

\$ 45,050

\$ 50,700

\$ 56,300

\$ 60,850

\$ 65,350

\$ 69,850

\$ 74,350



Moderate
(51%-80%)
\$ 63,100
\$ 72,100
\$ 81,100
\$ 90,100
\$ 97,350
\$104,550
\$111,750
\$118,950

*Note: These are based on HUD's Section 8 Income Limits, which use the same ranges, but Section 8 categorizes the three levels as Extremely Low, Very Low, and Low, respectively.

5. Programmatic Activities

Select all the programmatic activities the organization engaged in during the previous calendar year. Do not include fundraising and administrative activities (Eligibility Guidelines 2.3).

5.A. Legal Services Community legal education and information, Representation, Legislative or policy
Activities: advocacy

Describe Other:

5.B. Other Activities:

i. Legal Services:

**Under which funding
sources did you serve
these clients?:**

ii. Other Services:

**Describe Other Non-
Legal Services:**

6.A. Total number of impact litigation cases (include partner/co-counsel cases)



Report all impact litigation cases your organization engaged in during the previous calendar year, both open and closed.

1

6.B. Total number of advocacy activities

Report all advocacy activities your organization engaged in the previous calendar year, both completed and ongoing.

10

6.C. Summarize Additional Activities

If you engaged in more than 10 advocacy activities or more than 15 impact litigation cases in the previous calendar year, briefly summarize the nature of these additional activities.

Impact Cases: 1. Housing Rights Center v. TPG Metropolitan LLC, United States District Court for the Central District of California, No. 20-cv-3056-JAK-PLAx, In discovery 2. Housing Rights Center v. Chancellor Partners, to be filed in Central District, In pre-filing mediation.

Advocacy Cases: 1. Abraham v. Urick Superior Court for the County of Los Angeles No. 20STCV2049 Discovery 2. Barajona v. C & R Canoga Park Central District 19-cv-1250-TJH-PLAx Settled 3. Bell v. MBG LLC Central District 19-cv-1436-SS Settled 4. Friedlander v. Masava Corp to be filed in the Central District 5. Vencill v. Welther to be filed in the Central District.

Impact Case(s)

#	Case Name	Court Name	Case Status	View / Edit Template	Form Status
1	Housing Rights Center v. TPG et. al	U.S. District Court, Central District of CA	Submitted		Open

Advocacy Activity(ies)

#	Advocacy Activity	Type	Activity Status	View / Edit Template	Form Status
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III. Staffing and Volunteers



Staffing as of December 31

Personnel Category	Full-Time Staff	Number of People (Part Time)	Full-Time Equivalent (Part Time)	Total Staffing FTEs	Number of People (Temp Staff)	Total Hours (Temp Staff)	Number of people (Volunteer)	Donated Hours (Volunteer)
Attorneys	2	0	0.00	2.00	0	0	0	0
Paralegals	1	0	0.00	1.00	0	0	0	0
Law Students	0	0	0.00	0.00	0	0	0	0
Professional Services	6	0	0.00	6.00	0	0	0	0
Clerical/Admin	1	0	0.00	1.00	0	0	0	0
Other Personnel	20	0	0.00	20.00	0	0	0	0
TOTAL	30	0	0.00	30.00	0	0	0	0

1.A. Professional Services and Other Personnel

For each position included under Professional Services and Other Personnel, state the title and full-time equivalent of the position(s).



Administrative Department (5)

Executive Director (1), Fiscal Director (1), Programs Manager (2), Office Manager (1)

Litigation Department (4)

Litigation Director (1), Staff Attorney (1), Paralegal/Investigator (1), Legal Secretary (1)

Investigations Department (7)

Investigations Director (1), Case Analysts (6)

Counseling Department (9)

Counseling Director (1), Housing Counselors (8)

Media, Outreach & Education Department (3)

Outreach Director (1), Outreach Coordinators (2)

Fair Housing Initiative Program (FHIP-PEI) (3)

Project Director (1), Testing Coordinators (2)

2. Use of Non-Legal Professionals

Describe how the organization utilizes non-legal professionals in its service delivery model.

3. How many hours per week does the organization consider a full-time schedule?

Do not include non-numeric characters, this includes commas, periods, etc.

40.00

4. Staffing and/or Organizational Changes

Describe any significant changes in staffing levels or structure in the previous calendar year, and its impact on programmatic activities. Identify any significant vacancies and explain whether the organization is actively recruiting for the position, or is holding the position for budgetary or other reasons.

No significant changes.

IV. Application for Pro Bono Allocation



To qualify for the pro bono allocation in the county(ies) in which the organization provides services, the organization must meet both these requirements (1) coordinate the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified organizations as its principal means of delivering legal services; and (2) demonstrate that its principal means of delivering legal services is “the recruitment of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California” through one of the three tests described in Eligibility Guideline 2.6.3. and 2.9.

1. Are you applying for a pro bono allocation per the qualifications listed?

If yes, the organization should annually recruit at least 30 attorneys, OR recruit at least five percent of the licensed attorneys in the county served, OR receive at least 1,000 hours of donated legal services from volunteer attorneys.

No

V. Quality Control Review

1. Quality Control Report

Has the organization received a written quality control review from the Legal Services Corporation, the California Department of Aging, or an Area Agency on Aging in the previous calendar year?

No

2. Legal Services Staff Supervision

Describe how legal services staff are supervised to ensure quality service. Identify supervisory personnel and provide information regarding their oversight (frequency of case management meetings, etc.). If there is only one staff attorney or the organization only employs contract attorneys, describe how oversight and quality control are ensured.



Chancela Al-Mansour, Scott Chang and Azadeh Hosseinian are all licensed attorneys in California. We supervise the legal services staff of one paralegal and one legal secretary. We also have housing investigators who investigate fair housing complaints and correspond with housing providers and often their counsel on issues usually involving preventing evictions. We, the attorneys, review the correspondence to ensure it cites the laws correctly.

3. Volunteer Supervision

Describe the method(s) by which volunteers (attorneys, paralegals, and law students) are supervised. If the organization does not actively supervise volunteers or review their work product, how does the organization ensure compliance with its quality standards?

All correspondence is usually based on template forms drafted by our attorneys and final documents must be reviewed and approved by HRC attorneys before being sent.

4. Describe case opening and closing oversight practices.

The director of litigation (currently Scott Chang) must review and approve all cases that are submitted to Chancela Al-Mansour as the Executive Director for approval for filing and for submission to the Litigation Committee of its Board of Directors for final approval for court filing as provided under its corporate bylaws. For closure, the approval must be obtained by the Executive Director.

VI. Sources of Funding

Use the table below to itemize the organization's sources of funding in the calendar year 2019.

Enter the cash amount received for each funding source. Do not include State Bar monies.

- Under Foundations, list the largest three grants by organization, and then add the remaining amounts together under Other Foundation Funding.
- Under Government Resources, for each Federal, State, and Cities and Counties, list the largest three grants by agency, and then add the remaining amounts together in the corresponding Other field.



Source	Amount Received
Individual Contributions	
Attorneys/Private Donors/Individual Gifts	\$0
Event Sponsorship/Special Events	\$18,000
Other	\$2,361,463
Total	\$2,379,463
Organizations	
Bar Associations	\$0
Law Firms	\$0
Law Schools	\$0
Other, including subgrants from nonprofits	\$0
Total	\$0
Foundations	
	\$0
	\$0
	\$0
Other Foundation Funding	\$0
Total	\$0
Legal	
Legal Services Corporation	\$0
Area Agency on Aging	\$0
Total	\$0
Government Resources	
Federal (not LSC or OAA)	
	\$0
	\$0
	\$0
Other Federal Funding	\$0
State	
	\$0
	\$0
	\$0
Other State Funding	\$0



Cities and Counties	
	\$0
	\$0
	\$0
Other City and County Funding	\$0
Total	\$0
Residual and Cy Pres Awards	
State Court	\$15,000
Federal Court	\$0
Total	\$15,000
Fees and Reimbursements	
Attorneys' Fees	\$240,000
Client-Paid Amounts	\$0
Cost Reimbursements	\$0
Other Professional Fees	\$0
Total	\$240,000
Other Cash Support	
Rent Revenue	\$0
	\$0
	\$0
	\$0
	\$0
Total	\$0
TOTAL OF NON-STATE BAR REVENUE	\$2,634,463

1.A. Other Funding

Itemize sources included in any "other" line items listed in the Sources of Funding worksheet.

Funding Source Amount Received

Alhambra \$25,000

Baldwin Park \$7,500

Burbank \$20,000

Carson \$25,000



El Monte \$27,000
FHIP Grant – HUD \$300,000
Glendale \$20,000
Glendora \$15,000
Hawthorne \$30,000
Inglewood \$62,500
Lancaster \$35,000
Los Angeles City \$840,500
Los Angeles County - CDBG \$200,000
Montebello \$20,000
Monterey Park \$10,000
Oxnard \$30,000
Palmdale \$33,363
Pasadena \$50,400
Pasadena Mediation \$22,000
Pico Rivera \$10,500
Pomona \$20,700
Redondo Beach \$20,000
Rosemead \$10,000
Santa Clarita \$30,000
South Pasadena \$10,000
Ventura City \$10,000
Ventura County \$57,000
West Covina \$10,000
Whittier 10000

Subtotal \$1,961,463

Attorney Fees/Registration from Training Seminars, etc. \$258,000
Los Angeles County – Outreach \$400,000

Subtotal \$658,000

Total \$2,619,463

VII. Total Corporate Expenditures



Organization's Fiscal Year End: June 30

1. Upload Audited or Reviewed Financial Statement Ended in the Previous Year

Upload a final copy of the organization's audit or financial review for the organization's fiscal year ending in 2019; qualified expenditures will be calculated based on this document. Organizations with gross corporate expenditures less than \$500,000 can provide a financial review in lieu of an audited financial statement (Rule 3.680(E)(1)). It is also the obligation of the applicant to upload a copy of the most recent audit or financial review as soon as available, and no later than May 1, to the Organization Profile under the Documents tab.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If requesting an audit extension, upload an explanation (in lieu of the audit or financial review) with an estimate of when the audit or financial review will be finalized. The applicant should complete all sections of the application using reasonable estimates if the audit or financial review is not available. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.

Final_HRC_FYE_6-30-19_Single_Audit_Financial_Statements_Sent_to_Client.pdf

507.6 KB - 06/15/2020 3:01PM

Total Files: 1



Total Corporate Expenditures

NON-CASH		Expenditures
In-kind/Donated Services		\$0
Unrealized Losses		\$0
Other		\$0
Total Non-Cash Items		\$0
PASS-THROUGH / FISCAL SPONSOR		Expenditures
Pass-through		\$0
Total Pass-through		\$0
PERSONNEL		Expenditures
Attorneys		\$182,307
Paralegals		\$43,905
Other Staff		\$1,051,505
Subtotal		\$1,277,717
Employee Benefits		\$264,640
Total Personnel		\$1,542,357
PERSONNEL		Expenditures
Attorneys		
Paralegals		
Other Staff		
Subtotal		
Employee Benefits		
Total Personnel		
NON-PERSONNEL		Expenditures
Space		\$178,105
Equipment Rental and Maintenance		\$31,907
Office Supplies and Small Equipment		\$13,584
Printing and Postage		\$5,227
Telecommunications		\$26,535
Technology		\$21,848
Program Travel		\$12,472
Training		\$2,182



Library	\$5,535
Insurance	\$27,441
Audit	\$10,500
Litigation	\$27,284
Depreciation	\$1,527
Contract Service to Clients	\$0
Contract Service to Program	\$40,679
Other	\$0
Total Non-Personnel	\$404,826
TOTAL EXPENDITURES (Personnel + Non-Personnel +Non-Cash+Pass-through)	\$1,947,183
TOTAL QUALIFIED CORPORATE EXPENDITURES (Personnel + Non-Personnel)	\$1,947,183

Please itemize all expenses included under Depreciation.

All depreciation expenses are computer equipment depreciation.

Please itemize all expenses included under Contract Service to Program.

Salaries and Wages: \$1,277, 717. Payroll Taxes: \$107,780. Employee Benefits: \$153, 076. Total \$1,538,573

3. Explain Any Variance

If your organization's reported corporate expenditures do not align with your organization's uploaded audit, please explain the variance.

n/a

VIII. Qualified Expenditures



Questions	Amount	Explanation
1. Total Corporate Expenditures from the previous fiscal year	\$1,947,183	
2. Did the corporation engage in activities other than the delivery of legal services?	\$0	
3. Did the corporation lease or sublease space to another organization?	\$0	
4. With regards to leased or subleased space, did the organization incur property management expenses, whether as primary owner or lessor?	\$0	
5. Did you provide legal services in criminal matters?	\$0	
6. Did you charge clients for any legal services in civil matters, other than requiring payment for costs and expenses or processing fee of \$20 or less?	\$0	
7. Did you provide any free civil legal services to persons who were not indigent as defined in B & P Code Section 6213(d) and Eligibility Guidelines 2.3.3 and 2.3.4, or to organizations not providing benefits primarily on behalf of indigent?	\$0	
8. Did you provide free civil legal services outside California?	\$0	
9. Did your organization incur expenses that did not contribute to the provision of civil legal services to indigent people and that were not itemized above?	\$0	
10. TOTAL EXPENDITURES FOR NON-QUALIFIED ACTIVITIES	\$0	
11. SUB-TOTAL OF QUALIFIED EXPENDITURES	\$1,947,183	

12. PERCENT OF QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS

Once you have completed and saved the Qualified Expenditures table above, click the "Save & Finish Later" button below to calculate this percentage.



100.00%

12.A. Less than 75% Explanation

If the percentage of expenditures for free civil legal services to indigent persons calculated above is less than 75 percent, explain how the organization meets the primary purpose requirement for funding (B&P §6213(a)).

13. Exchanged Funds

Did the organization exchange funds with another legal services project that is applying for a State Bar grant?

No

14. TOTAL DEDUCTION OF EXCHANGED FUNDS

\$0

15. Shriver Funds

Enter funds received for a grant (or subgrant/subcontract) for a pilot project pursuant to the Sargent Shriver Civil Counsel Act of 2009.

\$0

16. TOTAL QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$1,947,183

Enter all IOLTA and EAF expenditures for 2019 in 17a and 17b, respectively. This should include any carry-over from 2018

Reference Button:

17.A. IOLTA Expenditures Net of Capital Additions (FISCAL YEAR)



\$0

17.B. EAF Expenditures Net of Capital Additions (FISCAL YEAR)

\$0

17.C. IOLTA AND EAF EXPENDITURES NET OF CAPITAL ADDITION EXPENDITURES (AUTO-CALCULATED)

\$0

18. GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$1947183

19. Upload Any Additional Expenditure Documents

Include any additional documents regarding the information entered in this form.

VIII-A. Expenditures by County

GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$1947183

1. Allocation of Expenditures for Each County

If you provide free civil legal services to indigent persons in more than one county, describe the basis for your by county allocation of expenses and how it relates to the services in each county. Include any calculations or relevant data to support your explanation.



Almost all of the financial data provided is for the County of Los Angeles. HRC also receives \$56,000 from the County of Ventura to provide free tenant and landlord education about fair housing rights and responsibilities via workshops, clinics and city and county staff trainings. The city of Buena Ventura provided HRC with \$10,000 in annual funding to do the same. In addition to providing fair housing and landlord/tenant rights services in the County of Ventura, HRC takes and responds to calls and emails from residents of the county of Ventura and provides them with free information about their housing rights. HRC conducts and income screening on all of its intakes (about 16,000 per year) and find that over 85% are below 80% of the area median income. These grants are paid on a reimbursement basis, so HRC hires staff based on this funding.

2. New or Discontinued Counties

If applicant is seeking 2021 IOLTA and EAF funds to serve any counties that differ from the counties for which applicant is currently receiving 2020 IOLTA and EAF funds, provide information on new and/or discontinued counties. See application instructions for additional details. Enter N/A if not applicable.

3. Out of County Work

Describe any work in county(ies) other than those detailed in the questions above. Include name of county(ies), nature of work, start and/or end date, approximate county expenditures, and any other relevant information.

None.



Expenditures by County

Previous Fiscal Year Quarterly Reports:

In the tables below, indicate the amount of total expenditures for free civil legal services to indigent persons in California for each county.

The total amount of the "Qualified Expenditures" column should equal the amount that appears at the top of this form. IOLTA and EAF expenditures should match Quarterly Report submissions for your fiscal year ending in 2019, including any carry-over from 2018. Reference the "View" button located above this instruction box to view your Quarterly Report submissions for your fiscal year ending in 2019.

Click "Save" within the table, then "Save & Finish Later" to update county tables.

Update Form II if the appropriate counties are not appearing.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If submitting the application without a final audit or financial review, the applicant should complete all sections of Form VIII-A using reasonable estimates. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.

Los Angeles

Ventura

County Totals

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
0	0	0	0

IX. Certifications & Assurances



**Upload Signed
Certifications &
Assurances Document:**

IOLTA_LSP_CA_Form_signed_CAM_KTJ.pdf

762 KB - 06/22/2020 7:42PM

Total Files: 1

Supporting Documents (Optional)

When naming optional supporting documents, please include the Organization's acronym (or short name) and a 1-5 word description of the file.

HRC_501c3_Status_7-2017.pdf

56.4 KB - 07/08/2020 1:49PM

Total Files: 1

**Program Signed IOLTA
Agreement:**

Please upload your IOLTA grant agreement signed by the Executive Director and Board Chair

**Program Signed EAF
Agreement:**

Please upload your EAF grant agreement signed by the Executive Director and Board Chair

Grant Adjustment:



Check Request to
Finance:

Key Documents Review (Org. Profile)

IRS Determination
Letter:

HRC_501_c3_Status_5-19.pdf
40.1 KB - 06/15/2020 12:48PM

Total Files: 1

Board Roster :

Board_List_3_09_20.pdf
58.6 KB - 06/15/2020 12:46PM

Total Files: 1

UNCOMMON LAW
(A NONPROFIT PUBLIC BENEFIT CORPORATION)
REPORT ON AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

HEALY AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

June 4, 2020

Board of Directors
UnCommon Law
Oakland, California

I have audited the financial statements of UnCommon Law (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Board of Directors
UnCommon Law
Page Two

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UnCommon Law as of December 31, 2019, 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.


Healy and Associates
Concord, California

UNCOMMON LAW**STATEMENT OF FINANCIAL POSITION****DECEMBER 31, 2019**

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	\$ 521,069
Accounts receivable	6,550
Grants receivable	330,000
Prepaid expenses	<u>11,607</u>

Total Current Assets 869,226

Accounts receivable - long-term portion	18,203
Security deposits	<u>2,000</u>

Total Assets \$ 889,429

LIABILITIES AND NET ASSETS**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 2,848
Deferred revenue	27,245
Note payable	<u>20,400</u>

Total Current Liabilities 50,493

Note payable - long-term portion	<u>51,600</u>
----------------------------------	---------------

Total Liabilities 102,093

COMMITMENTS AND CONTINGENCIES**NET ASSETS**

Without donor restrictions	457,336
With donor restrictions	<u>330,000</u>

Total Net Assets 787,336

Total Liabilities and Net Assets \$ 889,429

See Notes to Financial Statements

UNCOMMON LAW**STATEMENT OF ACTIVITIES****YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Foundation grants and awards	\$ 410,646	\$ 580,000	\$ 990,646
Legal fees	24,870	-	24,870
Contributions	278,736	-	278,736
Fundraising activities	44,565	-	44,565
In-kind revenue	491,909	-	491,909
Other revenue	2,897	-	2,897
	<u>1,253,623</u>	<u>580,000</u>	<u>1,833,623</u>
Net assets released from restriction	<u>250,000</u>	<u>(250,000)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>1,503,623</u>	<u>330,000</u>	<u>1,833,623</u>
EXPENDITURES			
Program services	1,036,070	-	1,036,070
Administrative services	54,318	-	54,318
Fundraising expenses	<u>74,796</u>	<u>-</u>	<u>74,796</u>
TOTAL EXPENSES	<u>1,165,184</u>	<u>-</u>	<u>1,165,184</u>
CHANGE IN NET ASSETS	338,439	330,000	668,439
NET ASSETS, beginning of year	<u>118,897</u>	<u>-</u>	<u>118,897</u>
NET ASSETS, end of year	<u>\$ 457,336</u>	<u>\$ 330,000</u>	<u>\$ 787,336</u>

See Notes to Financial Statements

UNCOMMON LAW**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Services	Administrative Services	Fundraising Expenses	Total
Wages	\$ 350,038	\$ 21,550	\$ 39,707	\$ 411,295
Payroll taxes	28,010	1,724	3,177	32,911
Employee benefits	31,406	1,933	3,563	36,902
Total Personnel Expenses	409,454	25,207	46,447	481,108
In-kind services	482,841	9,068	-	491,909
Rent	33,758	2,263	4,170	40,191
Travel	37,068	-	263	37,331
Other contractors and professional fees	18,679	1,138	9,766	29,583
Bad debt	9,350	3,000	-	12,350
Accounting services	-	11,300	-	11,300
Event expenses	3,445	11	6,080	9,536
Office supplies	5,494	338	623	6,455
Stipends	4,385	-	1,300	5,685
Printing, shipping, and postage	4,886	253	467	5,606
Dues and memberships	4,400	646	499	5,545
Insurance	4,356	241	853	5,450
Legal Professional dues and subscriptions	4,737	-	-	4,737
Staff and volunteer recognition	3,630	223	412	4,265
Furniture and equipment	3,452	213	392	4,057
Staff training and development	2,491	153	283	2,927
Communications	1,955	120	622	2,697
Payment processing and bank fees	110	5	2,537	2,652
Program supplies	685	31	57	773
Prison Phone	477	-	-	477
Taxes and fees	217	108	25	350
Legal and court costs	200	-	-	200
TOTAL EXPENSES	<u>\$ 1,036,070</u>	<u>\$ 54,318</u>	<u>\$ 74,796</u>	<u>\$ 1,165,184</u>

UNCOMMON LAW**STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING**ACTIVITIES:**

Change in net assets	\$ 668,439
----------------------	------------

CHANGES IN ASSETS AND LIABILITIES:

Accounts and grants receivable	(315,453)
--------------------------------	-----------

Prepaid expenses	(11,607)
------------------	----------

Deposits	(400)
----------	-------

2,848

Deferred revenue	27,245
------------------	--------

NET CASH PROVIDED BY OPERATING ACTIVITIES	371,072
---	---------

CASH FLOWS FROM FINANCING ACTIVITIES

Borrowed funds under note payable	72,000
-----------------------------------	--------

NET CASH PROVIDED BY FINANCING ACTIVITIES	72,000
---	--------

NET INCREASE IN CASH AND CASH EQUIVALENTS	443,072
---	---------

CASH AND CASH EQUIVALENTS, beginning of year	77,997
--	--------

CASH AND CASH EQUIVALENTS, end of year	\$ 521,069
--	------------

See Notes to Financial Statements

NOTE A – NATURE OF ACTIVITIES

UnCommon Law (Organization) is a California nonprofit public benefit corporation, incorporated in 2012 and operates from its headquarters in Oakland, California. The Organization's primary mission is to provide access to justice and healing for people impacted by incarceration. They deliver trauma-informed, healing-centered mental health and legal counseling to help provide a safe pathway home for people currently serving lengthy prison terms in California prisons. They represent people in their parole hearings and habeas petitions, and engage in litigation and policy advocacy to address systemic discrimination in the criminal justice system. They also provide training for people in prison, attorneys, family members, and law students in order to improve the overall quality of preparation for and representation in parole hearings. The clients of the Organization cannot be released from prison unless and until they have participated in counseling and other training programs, and can show the California parole board they can safely rejoin their communities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Fair Value Measurements

The Organization's financial instruments include cash and cash equivalents measured using Level 1 inputs. The carrying amount of these financial instruments has been estimated by management to approximate fair value. Fair value is defined as "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." When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. Accounting Standards Codification (ASC) 820-10, *Fair Value Measurement*, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1— Quoted prices for identical assets and liabilities in active markets.

Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets and liabilities.

Accounts and Grants Receivable

Accounts and grants receivable are recorded at net realizable value consisting of the carrying amount less an allowance for doubtful accounts.

An allowance for doubtful accounts is established based on factors such as historical experience, economic conditions, credit quality, age of the account balances, and a review of subsequent collections. Management recognized an allowance for doubtful accounts of \$9,350 as of December 31, 2019.

UNCOMMON LAW

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed asset additions in excess of \$5,000 are recorded at cost, or if donated, at fair value on the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred. The Organization has no capitalized fixed assets at December 31, 2019.

Deferred Revenue

The unearned portion of revenue received in advance of earnings are reflected in liabilities as deferred revenue until the earnings process has been completed.

Tax Exemption Status

The Organization has received exempt status under section 501(c)(3) of the Internal Revenue Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has no unrelated business income, and management has analyzed tax positions taken and has concluded that there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Revenue Recognition

The Organization is supported primarily through foundation grants and awards, contributions, and in-kind services.

In accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. As permitted by ASC 958, donor-restricted contributions whose restrictions are met in the same year may be reported as unrestricted support.

Revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

The Organization records donated services at their estimated fair value on the date of receipt. Donated professional services for the year ended December 31, 2019 are \$491,909 as reflected in the accompanying statement of activities and statement of functional expenses.

In addition, the Organization receives contributions of volunteer time in furtherance of the Organization's mission throughout the year. However, these services are not reflected in the accompany financial statements as they do not meet the criteria for recognition under US GAAP.

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited based on employee time spent in the functional area.

Newly Adopted Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requires organizations to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the organization expects to be entitled to in exchange for those goods and services. The Organization adopted the standard on January 1, 2019. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

In June 2018, the FASB issued ASU No. 2018-08 Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all organizations that receive or make contributions. The ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional, which may impact the timing of revenue recognition. Under the new guidance, if a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards. The Organization adopted the standard on January 1, 2019. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Relevant Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization is currently evaluating impact of adopting this new guidance on its financial statements.

NOTE C – ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable at December 31, 2019 are due as follows:

Due within one year:	
Grants receivable	\$ 330,000
Accounts receivable	15,900
Allowance for doubtful accounts	(9,350)
Total due within one year	<u>336,550</u>
Due in two to five years	
Accounts receivable due through 2022	<u>18,203</u>
Total accounts and grants receivable	<u>\$ 354,753</u>

Accounts receivable due between two and five years have not been discounted to the net present value, as the discount would be immaterial to these financial statements taken as a whole and has therefore not been recorded.

NOTE D – CONCENTRATIONS

At December 31, 2019, the Organization has \$7,803 in cash held in a financial institution that does not carry FDIC insurance. To date, the Organization has not experienced, nor does it anticipate, any losses with respect to the account. Management monitors the creditworthiness of the financial institutions on an on-going basis.

At December 31, 2019, two funders accounted for 93% of total receivables (70% and 23%).

The Organization received approximately 56% of its annual revenue not including in-kind revenue, and 41% including in-kind, from two funders. The loss of that funding could have an impact on the future operations of the Organization.

UNCOMMON LAW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE E – RELATED PARTY NOTE PAYABLE

During the year ended December 31, 2019, the Organization borrowed \$72,000 from an LLC, which is partially owned by a member of the Board.

At December 31, 2019, note payable consisted of the following:

Unsecured note payable of \$72,000, with 6 months with no payment and payments of \$1,200 for 60 months, with 0% interest, and maturing July 2024.	<u>\$ 72,000</u>
--	------------------

Future maturities are as follows:

<u>Year Ended December 31</u>	
2020	\$ 20,400
2021	\$ 14,400
2022	\$ 14,400
2023	\$ 14,400
2024	\$ 8,400

The interest rate charged on the note payable is below fair value. However, if interest expense were imputed it would be immaterial to these financial statements taken as a whole and has therefore not been recorded.

NOTE F – COMMITMENTS

The Organization leases office and parking space in Oakland, California through 2021. Rental expense for the year ended December 31, 2019 is \$35,334. In addition, the Organization leases office equipment for various machinery through 2023. Future commitments under these leases as of December 31, are as follows:

<u>Year Ended</u>	
2020	\$ 39,816
2021	\$ 21,798
2022	\$ 2,760
2023	\$ 920

NOTE G – CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management believes the Organization has complied with the terms of all grants.

UNCOMMON LAW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE H – LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ 521,069
Accounts and grants receivable	336,550
Total Financial Assets	<u>875,619</u>
Less amounts not available to be used within one year:	
Net assets with purpose restrictions to be met in one year	<u>(330,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 527,619</u></u>

The Organization has \$527,619 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE I – IN-KIND CONTRIBUTIONS

During the year ended December 31, 2019, the Organization was the recipient of substantial amounts of in-kind contributions of services. The values of these contributions, as reflected in the accompany financial statements, are as follows:

In-kind attorney services for parole hearing consultations	\$136,875
In-kind attorney services for program	329,965
In-kind clinical services	16,000
In-kind attorney services for operations	9,069
Total	<u><u>\$ 491,909</u></u>

NOTE J – EMPLOYEE BENEFITS

The Organization's employees are entitled to unlimited paid time off. The amount of paid time off liability at December 31, 2019 could not be determined and is thus not reflected in the accompanying financial statements. Paid time off is accounted for the in the period it is used.

UNCOMMON LAW
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE K – NET ASSETS WITH DONOR RESTRICTIONS

For the year ended December 31, 2019, net assets with donor restriction activity consisted of the following:

<u>Nature of Restriction</u>	<u>Beginning Balance</u>	<u>Income and Contributions</u>	<u>Released from Restriction</u>	<u>Ending Balance</u>
Specific purpose:				
Legal Fellow	\$ -	\$ 80,000	\$ -	\$ 80,000
Time restricted	-	500,000	(\$ 250,000)	250,000
Total	<u>\$ -</u>	<u>\$ 580,000</u>	<u>(\$ 250,000)</u>	<u>\$ 330,000</u>

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition and disclosure through June 4, 2020, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2019, that required recognition or disclosure in the financial statements.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of non-essential businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter could negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

INTERNAL PROCEDURES FOR UCL'S PRO BONO CONSULTATION SERVICES

This document is intended to guide our internal procedures for pro bono consultation services. The process is broken down into three phases: the first phase includes intake for pro bono clients and recruiting volunteers; the second phase covers our process once there has been a match between a potential client and volunteer; and the third phase addresses monitoring cases after UCL has provided our consultation services.

I. (PHASE ONE: Adding Potential Clients to the Pro Bono Waitlist and Recruiting Volunteers)

Intake for Our Pro Bono Consultation Waitlist – (Person on Phone/Mail Duty)

When a potential client or their loved one contacts UCL for our representation services, and ! we cannot provide representation for whatever reason, take the following steps: !

- First, determine whether the person is eligible for our consultation services. If we receive a letter from someone currently incarcerated, determine whether this person is looking for resources, representation, or something else. If you determine that they are looking for *representation*, consult [Inmate Locator](#) to see whether they have had ! at least one prior suitability hearing. If this person has had at least one prior suitability hearing, write back offering our consultation services. In this letter, request a copy of the person's CRA and include a blank Pro Bono Intake Form. You can find a template ! for this letter on Box. Make it clear that we will be in touch if and when we are able ! to provide the consultation, and that being placed on the waitlist is no guarantee that we will be able to provide this service.
- If someone calls or emails asking for representation for their loved-one, determine whether the potential client has already had at least one prior suitability hearing. If so, follow the same process by writing to the potential client requesting copy of the CRA ! and asking him or her to fill out an Intake Form. You can find a template for this letter on Box. !
- Once the potential client responds with a CRA and Intake Form, create a file on Box ! for the person ("LAST NAME, first name (CDCR#)") in the Pro Bono Consultation ! folder. (SharedDocs >> Clients >> Pro Bono Consultations >> Consultation Clients). Add the potential client's name to the Pro Bono Waitlist. !

Recruiting New Volunteer Consultants – (Person on Phone/Mail Duty) '

When someone contacts UCL to become a potential volunteer take the following steps: !

- Determine in what capacity this person is willing/able to volunteer. If they express ! interest in writing a consultation, add their name and contact information to the Pro Bono Waitlist under the "Interested Volunteers" tab. Explain what is required from

volunteer consultants. Refer them to the website where we will describe the role of a volunteer consultant more thoroughly. Inform the person interested in volunteering of the date of our next scheduled consultation training.

- In order to become a UCL Consultant, each volunteer must attend an in-person or online training. These trainings will be provided quarterly.
- After a potential volunteer attends the training, they will receive additional training materials along with a confidentiality agreement and an agreement to provide at least three consultations over the course of two years (at the discretion of UCL).
- Once these forms are received from the potential volunteer, create a folder on Box for each volunteer's information. Save in the "Volunteer Consultants" folder. (SharedDocs > > Clients >> Pro Bono Consultations >> Volunteer Consultants). Add the person to the "Trained Volunteer" tab of the Pro Bono Waitlist.

II. PHASE TWO: Matching Clients with Volunteers and Providing Services

Four times a year (after each training) UCL will match available volunteer consultants with the next potential client on the pro bono waitlist. Ideally, from the time of matching to the time finished consultations are sent will take a three-months.

- Contact the list of trained volunteer consultants to see who is willing to take on a new case.
- Assign case to each volunteer consultant and send them the CRAs, Transcripts, Intake Form, and any correspondence with the client to the volunteer consultant. Update the Pro Bono Spreadsheet.
- Reach out to appropriate number of clients who are next on the list with welcome letter and materials (fee agreement, scope of representation, release of information, etc.).
- If we do not receive a response from the potential client *one month* after sending the welcome letter, send a follow up letter and/or reach out to a loved one.
- Once we receive these materials back from the client, save their documents to their folder on Box. Then, create a matter on Clio. The matter should be titled "Consultation re: [year of previous parole denial] Denial." Under "Custom Fields," search for "Consultation" in the "Custom Field Sets" box. This will add a series of custom fields to use to track hearing dates and outcomes for the client. Be sure to include the tentative hearing date for their next scheduled hearing or when the hearing is due by if it has not yet been scheduled.

- Volunteer consultants will be expected to send drafts to UCL legal team within one month of receiving case materials. The legal team will review the initial draft and provide feedback, questions, and comments.
- If we have not heard back from a volunteer consultant after *one month*, check in with that person.
- Volunteer consultants will be expected to send revised drafts within two months of receiving case materials. Edit, format, and send out the consultation to each client. Update the Pro Bono Spreadsheet. Update Clio matters from “Open” to “Pending.”

III. PHASE THREE: Monitoring and Evaluating After Completing Services

In order to ensure that we are providing the most helpful services, it is important that UCL monitors cases after consultations have been sent to clients.

- Three months after we send a consultation, follow up with a Feedback Survey. Check the list of completed consultations (“Pending” on Clio) once a month to ensure that we are consistently sending follow up Feedback Surveys to the right clients.
- For clients whose hearings have been scheduled (within six months of their hearing) send a check in letter asking if the person has any questions, needs any resources, etc. Include a copy of the past consultation.
- Monitor Inmate Locator/Clio for consultation clients’ hearing dates and update Clio with results. After a grant, update Clio to indicate that the case is now “Closed.”

UnCommon Law: Client Release Procedures

Timeline:

- **Grant of suitability at Parole Hearing**
 - o Triggers Calendar:
 - Follow up letter within one week
 - Discuss what it was like to be in the hearing/Information about what to expect/BPH timelines/UCL timelines/We will stay in touch to make sure your release goes smoothly/What information we will be asking of you as date approaches
 - Follow up letter within 90 days
 - As release date (assuming no governor action) approaches, we will be getting more concrete with you about specifics of release morning and first few days' plans- photo release/dress out info/File closing instructions/ride/placement/needs etc.
 - Note 120 or 150 days (a week early) in calendar to be on lookout from Governor's office letter/email declaring action
- **Receipt of Governor's office email**
 - o Assuming no action will be taken this triggers the "Information Game", which involves our determining when exactly the client will be released.
 - UCL reaches out to any family/outside contacts we work with
 - UCL sends letter to client, asks them to notify us to confirm date when they get it
 - UCL contacts the PIO and Correctional Counselor at Institution
- **Confirmation of Release Date**
 - Communicate with family members and supporters to let everyone know the date/time
 - Determine UCL staff who will be present on release morning to welcome client home
 - Determine what is needed for the morning and contact appropriate parties depending on the individualized plan:
 - Photographer
 - Ride
 - PO contact support
 - Transitional placement contact support
 - Gift card/phone/supplies needed.
- **UCL staff representative attends release morning to welcome home and provide (support according to individualized plan (**
- **Letter from PSA at regular intervals (**
 - o TBD: 3, 6, 12-month letters, then annually

TO: UnCommon Law Director of Operations
FROM: Alec Weiss, Staff Attorney, UnCommon Law
SUBJECT: Accounting of time spent in Calendar Year 2019
DATE: March 18, 2020

To Whom It May Concern:

I have reviewed my calendar and work product thoroughly for this period, and have compiled an estimate of my time expenditure. Based on that comprehensive review, I have determined that between January 1st and December 31st (the duration of calendar year 2019), I estimate that my time was spent in the following manner:

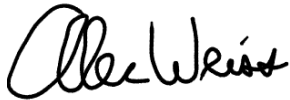
Approximately 57% of my time was spent on **paid client activities** (related to representation of Mr. Thompson, Mr. Wiley, Mr. Alexander, Mr. Turner, Mr. Fuller, Mr. Hagerty, Mr. Williams, Mr. Broadnax, Mr. Perkins and Mr. Stoneham).

The remainder of my time (43%) was spent on:

1. **Pro-Bono Representation and related activities** (clients included Mr. Nelson).
2. **Volunteer Attorney Coordination/Consultations/Resources.** These included (but were not limited to) assisting in the onboarding, training and supervision of volunteer attorneys to provide comprehensive pro-bono parole representation and parole consultations, and the provision of resources by mail and by phone.

I certify that this information is true to the best of my knowledge, and matches calendar documentation for the calendar year 2019.

Sincerely,



Alec Weiss
Staff Attorney, UnCommon Law

TO: UnCommon Law Director of Operations
FROM: Keith Wattley, Founder and Executive Director of UnCommon Law
SUBJECT: Accounting of time spent in Q1, 2019
DATE: March 18, 2020

To Whom It May Concern:

I have reviewed my calendar and work product thoroughly for this period, and have compiled an estimate of my time expenditure in the following categories. Based on that comprehensive review, I have determined that between January 1st and March 31st (the duration of Q1), my time was spent in the following manner:

Approximately 7-8% of my time was spent on **paid client activities**.

The remainder of my time (92-93%) was spent on:

1. **Pro-Bono Representation and related activities.**
2. **Policy and Advocacy-related activities.** These included (but were not limited to) academic appearances and meetings at UC Berkeley Law School, attending various seminars and partner org meetings (MBK Rising!, Legal Services for Prisoners with Children Voting Rights event, RPL Advisory Board Meetings, State of Criminal Justice Reform seminar, etc.) throughout the Bay Area, attending Board of Parole Hearing Executive meetings in Sacramento, media calls and interviews, meetings and calls with the 2018 Obama Foundation Fellows, internal UnCommon Law policy task force coordination on release procedures, attending conferences (like the ACLU conference in Houston), coordinating and attending UnCommon Law film screenings and participating in related panel discussions, Senate testimonies (re. the State Auditors report), meetings with the Executive Officer for the Board of Parole Hearings, meetings and calls with criminal justice reform stakeholders (academics, other organizations), meeting with the Assembly Budget Subcommittee, and attending the Square One Justice Convening.
3. **Post-Conviction Advocacy Project/Consultations/Resources.** These included (but were not limited to) legal phone calls with outside attorneys and with our students at the Berkeley School of Law Post Conviction Advocacy Project, phone calls with volunteer counselors and social workers and meetings with former clients.
4. **Outside training and workshop-related activities.** These included (but were not limited to) my Prisons and Parole class at UC Berkeley and related tour(s) of San Quentin Prison and the Re:store workshop at Lancaster prison.
5. **Administration-related activities.** These included (but were not limited to) staff check-ins and meetings, Board of Directors meetings and phone calls, staff/internal workshops, meetings with our Communications Consultant, interviews for new staff hires, office organization (trips to and from our storage unit, etc.), staff retreats, and all related preparation/planning hours.
6. **Fundraising-related activities.** These included (but were not limited to) meetings with foundations and major donors (Ford Foundation, Chan Zuckerberg Initiative, Silicon Valley Community Fund, van Loben Sels/Rembe Rock and others), as well as related planning/prep and follow-up and various fundraising events.

I certify that this information is true to the best of my knowledge, and matches calendar documentation for Q1, 2019.

Sincerely,



Keith Wattley
Founder and Executive Director, UnCommon Law

TO: UnCommon Law Director of Operations
FROM: Keith Wattley, Founder and Executive Director of UnCommon Law
SUBJECT: Accounting of time spent in Q2, 2019
DATE: March 18, 2020

To Whom It May Concern:

I have reviewed my calendar and work product thoroughly for this period, and have compiled an estimate of my time expenditure in the following categories. Based on that comprehensive review, I have determined that between April 1st and June 30th (the duration of Q2), my time was spent in the following manner:

Approximately 13% of my time was spent on **fee-generating client activities** (including but not limited to representation of Mr. Stephens, Mr. Collier, Mr. Harden, Mr. Stoneham, Mr. Thomas, Mr. Johnson, Mr. Garcia, Mr. Richards, Mr. Broadnax, Mr. Alexander, Mr. Osborne, Ms. Williams, Mr. Harris, Mr. Carroll and Mr. Menchaca).

The remainder of my time (87%) was spent on:

1. **Pro-Bono Representation and related activities.** Clients included (but were not limited to) Mr. Trujillo, Mr. Lam, Mr. McKinney, Mr. Hodo, Mr. Mackey, Ms. Paulinkonis, Ms. Griffin, Mr. Histon, Mr. Morris, Mr. Scott, Mr. McDaniel, Mr. Shane, Mr. Richardson, Mr. Carter, Mr. Dang, Mr. Vernon, Mr. Green, Mr. Mackey, Mr. Callahan, Mr. Cordero, Mr. Harrell, Mr. Davis, Mr. Perkins, Mr. Torres, Mr. Ramirez and Mr. Anderson.
2. **Pilot project to provide free and effective legal services to hundreds of people on one prison yard, administering a curriculum to allow for meaningful rehabilitation and the effective representation of that rehabilitation to the Board of Parole Hearings.** These included (but were not limited to) internal Pilot planning meetings, interviews for Pilot-specific staff members, Pilot partner meetings and Pilot partner calls, and meetings with the CDCR.
3. **Policy and Advocacy-related activities.** These included (but were not limited to) attending events at partner organizations, meetings and phone calls with justice reform stakeholders and policy advocates, UnCommon Law film screening events, media phone calls and interviews, attending Board of Parole Hearings Executive meetings, academic events and teaching at Berkeley (Prisons and Parole Class), the Nationswell Summit event and meeting with the 2018 Obama Foundation Fellows.
4. **Post-Conviction Advocacy Project/Consultations/Resources.** These included (but were not limited to) legal phone calls with outside attorneys and meetings/calls with our students at the Berkeley School of Law Post Conviction Advocacy Project, as well as phone calls with volunteer counselors and pro-bono social workers.
5. **Outside training and workshop-related activities.** These included (but were not limited to) workshops with GRIP at DVI and CSP/LAC workshop planning.
6. **Administration-related activities.** These included (but were not limited to) staff check-ins and meetings, Board of Directors meetings and phone calls, staff/internal workshops, meetings with our Communications Consultant, meetings and calls with a leadership training consultant, Board review sessions, and all related preparation/planning hours.
7. **Fundraising-related activities.** These included (but were not limited to) meetings with foundations and major donors, a large fundraising House Party, related planning/prep and follow-up, and internal fundraising strategy meetings.

I certify that this information is true to the best of my knowledge, and matches calendar documentation for Q2, 2019.

Sincerely,



Keith Wattley
Founder and Executive Director, UnCommon Law

TO: UnCommon Law Director of Operations
FROM: Keith Wattley, Founder and Executive Director of UnCommon Law
SUBJECT: Accounting of time spent in Q3, 2019
DATE: March 18, 2020

To Whom It May Concern:

I have reviewed my calendar and work product thoroughly for this period, and have compiled an estimate of my time expenditure in the following categories. Based on that comprehensive review, I have determined that between July 1st and September 30th (the duration of Q3), my time was spent in the following manner:

Approximately 25% of my time was spent on **paid client activities**, including (but not limited to) representation of Mr. Carroll, Mr. Meza, Ms. Williams, Mr. Garcia, Mr. Alexander, Mr. Richards, Mr. Alexander, Mr. Stephens, Mr. Thomas, Mr. Broadnax, Mr. Vo and Mr. Harris).

The remainder of my time (75%) was spent on:

1. **Pro-Bono Representation and related activities.** Clients included (but were not limited to) Mr. Green, Mr. Scott, Mr. Carter, Mr. White, Mr. Histon, Mr. Perkins, Ms. Griffin, Mr. McDaniel, Mr. Dewberry, Mr. Turner, Mr. Williams, Mr. Guice, Mr. Shane, Mr. Mackey, Mr. Callahan, Mr. Dews, Ms. Figueroa, Mr. Lam, Mr. Richardson and Mr. Fuller).
2. **Pilot project to provide free and effective legal services to hundreds of people on one prison yard, administering a curriculum to allow for meaningful rehabilitation and the effective representation of that rehabilitation to the Board of Parole Hearings.** These activities included (but were not limited to) internal Pilot planning meetings, interviews for Pilot-specific staff members, Pilot partner meetings and Pilot partner calls, and meetings with the CDCR.
3. **Policy and Advocacy-related activities.** These included (but were not limited to) media phone calls and interviews, group prison trips with funders, partner organizations and other key stakeholders, meetings with legislators and justice reform stakeholders, and meetings with 2018 Obama Foundation Fellows.
4. **Post-Conviction Advocacy Project/Consultations/Resources.** These included (but were not limited to) legal phone calls with outside attorneys and with our students at the Berkeley School of Law Post Conviction Advocacy Project, phone calls with volunteer counselors and social workers and meetings with former clients.
5. **Outside training and workshop-related activities.** These included (but were not limited to) the planning of our multi-day Accountability Workshop at California State Prison Los Angeles County (in Q4) and participation in the IPP Group at DVI.
6. **Administration-related activities.** These included (but were not limited to) staff check-ins and meetings, Board of Directors meetings and phone calls, staff/internal workshops, meetings with our Communications Consultant, interviews for new staff hires, office organization (trips to and from our storage unit, etc.), staff retreats, and all related preparation/planning hours.
7. **Fundraising-related activities.** These included (but were not limited to) meetings with foundations and major donors, as well as related planning/prep and follow-up.

I certify that this information is true to the best of my knowledge, and matches calendar documentation for Q3, 2019.

Sincerely,



Keith Wattley
Founder and Executive Director, UnCommon Law

TO: UnCommon Law Director of Operations
FROM: Keith Wattley, Founder and Executive Director of UnCommon Law
SUBJECT: Accounting of time spent in Q4, 2019
DATE: March 18, 2020

To Whom It May Concern:

I have reviewed my calendar and work product thoroughly for this period, and have compiled an estimate of my time expenditure in the following categories. Based on that comprehensive review, I have determined that between October 1st and December 31st (the duration of Q4), my time was spent in the following manner:

Between 9-10% of my time was spent on **paid client activities**, including (but not limited to) representation of Mr. Broadnax, Mr. Wiley, Mr. Garcia, Mr. Osborne, Mr. Stephens, Mr. Meza, Mr. Richards, Mr. Johnson, and Mr. Thomas).

The remainder of my time (90%) was spent on:

1. **Pro-Bono Representation and related activities.** Clients included (but were not limited to) Mr. Nelson, Ms. Figueroa, Ms. Dews, Ms. Williams, Mr. Perkins, Mr. Scott, Mr. Williams, Mr. Turner, Mr. Harper, and Ms. Griffin).
2. **Pilot project to provide free and effective legal services to hundreds of people on one prison yard, administering a curriculum to allow for meaningful rehabilitation and the effective representation of that rehabilitation to the Board of Parole Hearings.** These included (but were not limited to) meetings and calls with the Oakland City Council, internal Pilot planning meetings, interviews for Pilot-specific staff members, Pilot partner meetings and Pilot partner calls.
3. **Policy and Advocacy-related activities.** These included (but were not limited to) participation in the Square One Roundtable, speaking at multiple symposiums (Santa Clara School of Law and the Criminal Justice Reform Summit in LA), fundraiser attendance (for other organizations), regular meetings with the 2018 Obama Fellows and with Nationswell members, UnCommon Law events like a screening of "Q-Ball" and a book talk on "The Meaning of Life" with the Sentencing Project, media interviews, photoshoots and related meetings/planning, James Irvine Foundation meetings, consultations with other attorneys (serving as an SME), and group trips to prison with funders, partner orgs and other stakeholders.
4. **Outside training and workshop-related activities.** These included (but were not limited to) the planning and facilitation of our multi-day Accountability Workshop at California State Prison Los Angeles County, participation in the Holy Names Criminology Class in Oakland, the Lancaster HAD Symposium and the CIM Lifers Group.
5. **Administration-related activities.** These included (but were not limited to) staff check-ins and meetings, Board of Directors meetings, staff/internal workshops and all related preparation/planning hours.
6. **Fundraising-related activities.** These included (but were not limited to) meetings with foundations and major donors, as well as planning and execution of the annual UnCommon Heroes fundraising gala.

I certify that this information is true to the best of my knowledge, and matches calendar documentation for Q4, 2019.

Sincerely,



Keith Wattley
Founder and Executive Director, UnCommon Law

TO: UnCommon Law Director of Operations
FROM: Lilliana Paratore, Supervising Attorney, UnCommon Law
SUBJECT: Accounting of time spent in Calendar Year 2019
DATE: March 28, 2020

To Whom It May Concern:

I have reviewed my calendar and work product thoroughly for this period, and have compiled an estimate of my time expenditure. Based on that comprehensive review, I have determined that between January 1st and December 31st (the duration of calendar year 2019), I estimate that my time was spent in the following manner:

Approximately 19% of my time was spent on **paid client activities** (related to representation of Ms. Williams, Mr. Vo, Mr. Parker, Ms. Quinn, Mr. Wilson, Mr. Watts, Mr. Moore, Mr. Hancock, Mr. Vernon, Ms. Meadows, Ms. Johnson, Ms. Rothwell, Ms. Sikat, Mr. Dang and Ms. Trevino).

The remainder of my time (81%) was spent on:

1. **!Pro Bono Representation and related activities** (clients included Mr. Alto, Ms. Martinez, Mr. Callahan, Ms. DeJohnette, Mr. Morris, Ms. Torres, Mr. Garcia, Mr. Blue-Sky, Ms. Garvin, Ms. Paulinkonis, Mr. Cordero, Mr. Harrell, Mr. Anderson, Mr. Williams, Ms. Carter, Ms. Ramos, Ms. Solano, Ms. Scott, Mr. McNeil, and Mr. Kelly).
2. **!Post-Conviction Advocacy Project/Consultations/Resources.** These included (but were not limited to) direct supervision of our students at the Berkeley School of Law Post-Conviction Advocacy Project (who provide comprehensive pro bono parole representation, with UnCommon Law supervision), training and direct supervision of volunteer attorneys to provide comprehensive pro bono parole representation and parole consultations, and oversight of our office's resource provisions by mail and by phone.

I certify that this information is true to the best of my knowledge, and matches calendar documentation for the calendar year 2019.

Sincerely,



Lilliana Paratore
Supervising Attorney, UnCommon Law

**UNCOMMON LAW – 2021 ELIGIBILITY REVIEW CONFERENCE
JULY 24, 2020**

ATTACHMENTS

RELEVANT AUTHORITIES

Business and Professions Code

Section 6210

The Legislature finds that, due to insufficient funding, existing programs providing free legal services in civil matters to indigent persons, especially underserved client groups, such as the elderly, the disabled, juveniles, and non-English-speaking persons, do not adequately meet the needs of these persons. It is the purpose of this article to expand the availability and improve the quality of existing free legal services in civil matters to indigent persons, and to initiate new programs that will provide services to them. The Legislature finds that the use of funds collected by the State Bar pursuant to this article for these purposes is in the public interest, is a proper use of the funds, and is consistent with essential public and governmental purposes in the judicial branch of government. The Legislature further finds that the expansion, improvement, and initiation of legal services to indigent persons will aid in the advancement of the science of jurisprudence and the improvement of the administration of justice.

Section 6213(a)

(a) "Qualified legal services project" means either of the following:

- (1) A nonprofit project incorporated and operated exclusively in California that provides as its primary purpose and function legal services without charge to indigent persons and that has quality control procedures approved by the State Bar of California.
- (2) A program operated exclusively in California by a nonprofit law school accredited by the State Bar of California that meets the requirements of subparagraphs (A) and (B).
 - (A) The program shall have operated for at least two years at a cost of at least twenty thousand dollars (\$20,000) per year as an identifiable law school unit with a primary purpose and function of providing legal services without charge to indigent persons.
 - (B) The program shall have quality control procedures approved by the State Bar of California.

Section 6214(b)

Projects meeting the requirements of subdivision (a) of Section 6213 but not qualifying under the presumption specified in subdivision (a) [pertaining to projects receiving funds from certain federal sources] shall qualify for funds under this article if they meet all of the following additional criteria:

- (1) They receive cash funds from other sources in the amount of at least twenty thousand dollars (\$20,000) per year to support free legal representation to indigent persons.
- (2) They have demonstrated community support for the operation of a viable ongoing program.

(3) They provide one or both of the following special services:

(A) The coordination of the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California.

(B) The provision of legal representation, training, or technical assistance on matters concerning special client groups, including the elderly, the disabled, juveniles, and non-English-speaking groups, or on matters of specialized substantive law important to the special client groups.

Section 6216(b)(1)(A)

In any county which is served by more than one qualified legal services project, the State Bar shall distribute funds for the county to those projects which apply on a pro rata basis, based upon the amount of their total budget expended in the prior year for legal services in that county as compared to the total expended in the prior year for legal services by all qualified legal services projects applying therefor in the county. In determining the amount of funds to be allocated to a qualified legal services project specified in paragraph (2) of subdivision (a) of Section 6213, the State Bar shall recognize only expenditures attributable to the representation of indigent persons as constituting the budget of the program.

Section 6218(a)

Qualified legal services programs shall ensure that funds appropriated pursuant to this article shall be used solely to defray the costs of providing legal services to indigent persons or for such other purposes as set forth in this article.

Section 6223

No funds allocated by the State Bar pursuant to this article shall be used for any of the following purposes:

(a) The provision of legal assistance with respect to any fee generating case, except in accordance with guidelines which shall be promulgated by the State Bar.

(b) The provision of legal assistance with respect to any criminal proceeding.

(c) The provision of legal assistance, except to indigent persons or except to provide support services to qualified legal services projects as defined by this article.

State Bar Rules

Rule 3.671(A)

A qualified legal services project is required by statute to have as its primary purpose and function providing legal services without charge to indigent persons. A qualified legal services project applying for Trust Fund Program funds is presumed to have such a purpose and function if 75% or more of the budget for the fiscal year for which it is seeking funds is designated to provide free legal services to indigents, and 75% or more of its expenditures for the most recent reporting year were incurred for such services. The calculation of 75% of expenditures may include a reasonable share of administrative and overhead expenses.

Rule 3.672(A)

“Legal services” include all professional services provided by a licensee of the State Bar and similar or complementary services of a law student or paralegal under the supervision and control of a licensee of the State Bar in accordance with law.

Qualified Legal Services Project Eligibility Guidelines**Guideline 2.3.1: provides civil legal services**

Commentary: You must provide legal services within the definition of Rule 3.672(A). That rule provides that “legal services include all professional services provided by a member of the State Bar, and similar or complementary services of a law student or a paralegal under the supervision and control of a member of the State Bar in accordance with law.” If your organization provides services in 6 addition to legal services, your application must describe those other activities, identify the percentage of the overall services provided that are not legal services, and state the basis by which you computed that percentage. [Rule 3.671(A)]

2019 State Budget Act**Section 0250-101-0001, Schedule 5, Provision 1**

In order to improve equal access and the fair administration of justice, the funds appropriated in Schedule (5), after distribution of the \$20,000,000 in Provision 6, are to be distributed by the Judicial Council through the Legal Services Trust Fund Commission to qualified legal services projects and support centers as defined in Sections 6213 to 6215, inclusive, of the Business and Professions Code, to be used for legal services in civil matters for indigent persons. The Judicial Council shall approve awards made by the commission if the council determines that the awards comply with statutory and other relevant guidelines. Ten percent of the funds in Schedule (5) shall be for joint projects of courts and legal services programs to make legal assistance available to pro per litigants and 90 percent of the funds in Schedule (5) shall be distributed consistent with Sections 6216 to 6223, inclusive, of the Business and Professions Code. The Judicial Council may establish additional reporting or quality control requirements consistent with Sections 6213 to 6223, inclusive, of the Business and Professions Code.

HOUSING RIGHTS CENTER, INC.

**SINGLE AUDIT
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS**

FOR THE YEAR ENDED JUNE 30, 2019

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

HOUSING RIGHTS CENTER, INC.
(A California Non-Profit Corporation)
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VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Housing Rights Center, Inc.
(A California Non-Profit Corporation)
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of Housing Rights Center, Inc. (A California Non-Profit Corporation) which comprise the statement of financial position as of June 30, 2019, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Housing Rights Center, Inc. as of June 30, 2019, 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.

INDEPENDENT AUDITORS' REPORT - Continued

Change in Accounting Principle

As described in Note 2 to the financial statements, Housing Rights Center, Inc. has adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We previously audited Housing Rights Center, Inc.'s 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Housing Rights Center, Inc.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020, on our consideration of Housing Rights Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Rights Center, Inc.'s internal control over financial reporting and compliance.

Vosier, Hryn + Co.

Calabasas, California
March 30, 2020

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 942,776	\$ 1,023,430
Contracts receivable	911,432	655,279
Case-related receivables	409	1,462
Deposits and prepaid expenses	<u>19,864</u>	<u>18,188</u>
	1,874,481	1,698,359
Property and equipment:		
Furniture and fixtures	80,999	80,999
Less accumulated depreciation	<u>(76,225)</u>	<u>(74,698)</u>
Net, property and equipment	<u>4,774</u>	<u>6,301</u>
Total assets	<u>\$ 1,879,255</u>	<u>\$ 1,704,660</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 3,985	\$ 11,413
Accrued payroll and related liabilities	<u>71,970</u>	<u>117,773</u>
Total liabilities	75,955	129,186
NET ASSETS		
Without donor restrictions	<u>1,803,300</u>	<u>1,575,474</u>
Total net assets	<u>1,803,300</u>	<u>1,575,474</u>
Total liabilities and net assets	<u>\$ 1,879,255</u>	<u>\$ 1,704,660</u>

See accompanying auditors' reports and notes to financial statements.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	<u>2019</u>	<u>2018</u>
REVENUE AND SUPPORT		
Governmental service contracts	\$ 1,813,476	\$ 1,676,364
Case awards	348,696	124,100
Contributions and grants	20,300	80,655
Fees for services	20,790	31,804
Interest income	3,031	1,091
Other income	<u>6,369</u>	<u>37,479</u>
 Total revenue and support	 2,212,662	 1,951,493
EXPENSES		
Program expenses	1,942,248	1,908,933
Support services	<u>42,588</u>	<u>45,904</u>
 Total expenses	 <u>1,984,836</u>	 <u>1,954,837</u>
 CHANGE IN NET ASSETS	 227,826	 (3,344)
 NET ASSETS - beginning of year	 <u>1,575,474</u>	 <u>1,578,818</u>
 NET ASSETS - end of year	 \$ 1,803,300	 <u>\$ 1,575,474</u>

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	<u>Program Expenses</u>	<u>Support Services</u>	2019 <u>Total Expenses</u>	2018 <u>Total Expenses</u>
Salaries and related expenses				
Salaries and wages	\$ 1,277,717	\$ -	\$ 1,277,717	\$ 1,261,737
Payroll taxes	107,780	2,856	110,636	103,546
Employee benefits	<u>153,076</u>	<u>928</u>	<u>154,004</u>	<u>148,854</u>
	1,538,573	3,784	1,542,357	1,514,137
Other expenses				
Advertising	15,388	-	15,388	10,936
Conferences and meetings	3,425	5,598	9,023	8,084
Dues and subscriptions	5,535	-	5,535	4,900
Education and training	2,182	-	2,182	2,438
Equipment rental and maintenance	27,519	1,391	28,910	25,606
Insurance	27,441	-	27,441	20,360
Miscellaneous expenses	20,117	25,852	45,969	29,462
Outside services	21,848	-	21,848	36,491
Payroll processing fees	7,337	-	7,337	6,941
Postage and delivery	11,548	46	11,594	10,127
Professional fees	10,500	(1,000)	9,500	20,500
Rent	178,105	-	178,105	173,262
Repairs and maintenance	2,997	-	2,997	3,677
Supplies	11,474	2,110	13,584	19,336
Taxes and licenses	1,618	4,646	6,264	2,896
Telephone	26,535	-	26,535	32,720
Testing costs	16,135	133	16,268	15,049
Travel	<u>12,444</u>	<u>28</u>	<u>12,472</u>	<u>13,001</u>
	1,940,721	42,588	1,983,309	1,949,923
Depreciation	<u>1,527</u>	<u>-</u>	<u>1,527</u>	<u>4,914</u>
Total expenses	<u>\$ 1,942,248</u>	<u>\$ 42,588</u>	<u>\$ 1,984,836</u>	<u>\$ 1,954,837</u>

See accompanying auditors' reports and notes to financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ <u>227,826</u>	\$ <u>(3,344)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,527	4,914
(Increase) decrease in:		
Contracts receivable	(256,153)	240,692
Case-related receivables	1,053	2,149
Deposits and prepaid expenses	(1,676)	192
Increase (decrease) in:		
Accounts payable and accrued expenses	(7,428)	6,053
Accrued payroll and related liabilities	(45,803)	(12,067)
Deferred revenue	<u>-</u>	<u>(60,000)</u>
Total adjustments	<u>(308,480)</u>	<u>181,933</u>
Net Cash Provided (Used) by Operating Activities	(80,654)	178,589
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments related to the acquisition capital assets	<u>-</u>	<u>(7,637)</u>
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(7,637)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(80,654)	170,952
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,023,430</u>	<u>852,478</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 942,776	\$ <u>1,023,430</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. ORGANIZATION

Housing Rights Center, Inc. serves as an advocate in encouraging the existence and maintenance of multiethnic neighborhoods where all people can live and exist in harmony. Housing Rights Center, Inc. provides leadership and coordination for the elimination of illegal discrimination against individuals and families seeking housing. Housing Rights Center, Inc. promotes every person's right to exercise unqualified free choice in the selection of housing. Housing Rights Center, Inc. is organized as a California non-profit corporation. The majority of its funding is received from federal financial assistance pass-through awards originating with the United States Department of Housing and Urban Development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Housing Rights Center, Inc. prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by Housing Rights Center, Inc. are described below to enhance the usefulness and understandability of the financial statements.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Net assets without donor restrictions.* Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Net assets with donor restrictions.* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Housing Rights Center, Inc.'s unspent contributions are classified in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from with donor restrictions to without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by Housing Rights Center, Inc., unless the donor provides more specific directions about the period of its use.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Receivables

Receivables consist of contracts, case-related, employee insurance, and other miscellaneous amounts and are stated at the amount management expects to collect from outstanding balances. Contract receivables are primarily unsecured amounts due on cost reimbursement or performance contracts. Any amount that is denied for reimbursement is written off when Housing Rights Center, Inc. receives notification from the grantor agency. Housing Rights Center, Inc. uses the allowance method of accounting for its account receivables that are determined to be potentially uncollectable.

In management's opinion, all contracts receivable were collectible at year-end. No allowance for doubtful accounts for contracts and accounts receivable is considered necessary at June 30, 2019.

Deposits and Prepaid Expenses

Deposits, prepaid expenses and other costs are expensed ratably over their respective terms of agreement.

Property and Equipment, Net

Land, buildings, property, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All assets purchased over \$5,000 with useful life over one year will be capitalized and depreciated using straight-line method. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Furniture and Equipment	5 years
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Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period. Fully depreciated assets are retained in the accounts at their estimated salvage value until their retirement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Vacation Policy

Vacation benefits are accrued on a monthly basis. Full-Time and Part-Time Employees accrue vacation time based upon years of service to Housing Rights Center, Inc. Unused vacation leave will be paid at the time of termination. Total accrued vacation at June 30, 2019, was \$66,855.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent donor restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributed Goods and Services

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been included in the accompanying financial statements for donated services except for in-kind contributions required under government contracts which are recorded as revenue and expense in equal amounts at fair value. No contributed goods and services qualified for recognition during the year ended June 30, 2019.

Revenue Recognition

Revenues from government agencies, service fees, and other third-party payors for services provided under such contracts are recognized when earned by Housing Rights Center, Inc. All gifts, bequests, and other public support are included in unrestricted net assets unless specifically restricted by the donor or the terms of the gift or grant instrument. Revenue received where the restriction is met in the same fiscal year is reported under net assets without donor restrictions. Amounts received in excess of balances earned are recognized as liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government Revenue

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, Housing Rights Center, Inc.'s management believes that costs ultimately disallowed, if any, would not materially affect the financial position of Housing Rights Center, Inc.

Contract Settlements

Governmental contract funds received during the year ended June 30, 2019 applicable to a contract performed during a prior fiscal year but not subjected to the contracting agency's close-out procedures until the current fiscal year has been recognized in the financial statements as unrestricted general fund income for the year ended June 30, 2019 and is not reported as program or other income for the current contract period.

Income Taxes

Housing Rights Center, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Housing Rights Center, Inc. follows Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2019, Housing Rights Center, Inc. had no material unrecognized tax benefits, tax penalties or interest.

Housing Rights Center, Inc.'s Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30; 2018, 2017, and 2016 are subject to examination by the IRS, generally for 3 years after they were filed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Expense Recognition and Allocation

The cost of providing Housing Rights Center, Inc.'s programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support of Housing Rights Center, Inc.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Housing Rights Center, Inc. generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred. There were no fundraising costs for the year ended June 30, 2019.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Housing Rights Center, Inc.'s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Housing Rights Center, Inc.'s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2018 comparative totals have been reclassified to conform with the 2019 reporting format.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. 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 Housing Rights Center, Inc.'s financial statements for the year ended June 30, 2018, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Recent Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 makes certain improvements to current reporting requirements, including:

1. Reducing the classes of net assets from three (unrestricted, temporarily restricted, and permanently restricted) to two (with donor restrictions and without donor restrictions).
2. Enhancing disclosures about:
 - a. Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions.
 - b. Composition of net assets with donor restrictions and how the restrictions affect the use of resources.
 - c. Qualitative information about management of liquid resources and quantitative information about the availability of liquid resources to meet cash needs for general expenditures within one year of the statement of financial position date.
 - d. Amounts of expenses by both their natural classification and their functional classification in one location as a separate statement or in the notes to the financial statements.
 - e. Methods used to allocate costs among program and support functions.
 - f. Underwater endowment funds.
3. Reporting investment return net of external and direct internal investment expenses.
4. Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

The amendments in this ASU have been applied by Housing Rights Center, Inc. on a retrospective basis in fiscal year 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value Measurements

Housing Rights Center, Inc. reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* – Quoted prices for identical assets or liabilities in active markets to which Housing Rights Center, Inc. has access at the measurement date.
- *Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and receivables approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

When available, Housing Rights Center, Inc. measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

3. CONTRACTS RECEIVABLE

Contracts receivable at June 30, 2019 is comprised of the following:

Contractor	June 30, 2019
City of Alhambra	\$ 4,167
City of Baldwin Park	1,466
City of Burbank	20,000
City of Carson	18,969
City of El Monte	5,559
City of Glendale	9,186
City of Glendora	1,950
City of Hawthorne	5,000
City of Inglewood	10,417
City of Lancaster	11,949
City of Los Angeles	400,885
County of Los Angeles	121,482
City of Montebello	21,547
City of Monterey Park	2,400
City of Oxnard	12,083
City of Palmdale	13,239
City of Pasadena	49,294
City of Pico Rivera	5,250
City of Pomona	3,178
City of Redondo Beach	8,871
City of Rosemead	10,000
City of Santa Clarita	9,681
City of San Buenaventura	2,600
City of South Pasadena	2,138
County of Ventura	19,000
City of West Covina	1,417
City of Whittier	1,442
HUD-Fair Housing Initiatives Program	138,262
Total	<u>\$ 911,432</u>

In management's opinion, all contracts receivables were collectible at year-end and therefore no allowance has been established.

4. PROPERTY AND EQUIPMENT, NET

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

Equipment and Furniture	<u>\$ 80,999</u>
	80,999
Less: Accumulated depreciation	<u>(76,225)</u>
Property and equipment, net	<u>\$ 4,774</u>

Depreciation expense for the year ended June 30, 2019 was \$1,527.

5. OBLIGATIONS UNDER OPERATING LEASE

During June 2012 the agency entered into a new operating lease agreement with Wilshire Center, Inc. which commenced December 1, 2012 and expires November 30, 2024. The lease calls for monthly payments of \$11,418 for the first six years; thereafter the monthly payments will increase 7% every three years.

During May 2013 the agency entered into a new operating five year lease agreement with Sam & Sam, Inc. for the agency's Van Nuys office. The lease commenced June 1, 2013 and expires May 2023. The lease calls for monthly payments of \$850 for the first year; thereafter the monthly payments will increase 3% every year.

Housing Rights Center, Inc. is obligated under an operating lease with the City of Pasadena. The lease calls for monthly payments of \$225 and expired June 30, 2012. As of June 30, 2012 the lease is on a month to month basis.

Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 191,572
2021	200,861
2022	205,513
2023	202,029
2024	182,424
Thereafter	<u>90,200</u>
Total	<u>\$ 1,072,599</u>

Total rent expense for the year ended June 30, 2019 was \$178,105.

5. OBLIGATIONS UNDER OPERATING LEASE - Continued

Housing Rights Center, Inc. leases office equipment under several operating leases with terms expiring at various dates. In January 2016 the agency entered into a 60 month operating lease agreement with Cell Business Equipment.

Future minimum equipment lease payments are as follows for the year ended June 30:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 27,098
2021	26,985
2022	25,177
2023	24,332
2024	6,524
Total	<u>\$ 110,116</u>

Total equipment rental and maintenance expense for the year ended June 30, 2019 was \$28,910.

6. CONTINGENCIES

- a) *Grants* - Housing Rights Center, Inc. has received federal and local government funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed by management that any required reimbursements will not be significant to the financial position of Housing Rights Center, Inc.
- b) *Risk and Uncertainties* - Housing Rights Center, Inc. receives funding from certain governmental agencies including the U.S. Department of Housing and Urban Development and local governments. Such agencies are subject to legislative changes and may require Housing Rights Center, Inc. to meet certain criteria, or renew term agreements. Should the amounts received from such government agencies change or cease for any reason, the financial activities of Housing Rights Center, Inc. could be adversely impacted.
- c) *Legal* - In the ordinary course of business, Housing Rights Center, Inc. may be subject to certain lawsuits and other potential legal actions. Management represents that as of June 30, 2019, any liability to Housing Rights Center, Inc. for existing matters is unlikely.

7. EMPLOYEE BENEFIT PLAN

Housing Rights Center, Inc. participates in a single-employer defined contribution 403(b) retirement plan (Plan) covering all full-time, continuous employees. Monthly contributions of 4.5%, based upon an employee's gross salary, are funded by Housing Rights Center, Inc. on a current basis. The Plan contribution expense was \$35,845 for the year ended June 30, 2019.

In addition, Housing Rights Center, Inc. also participates in a deferred contribution plan (Plan), as set forth in section 457 of the Internal Revenue Code of 1986, for the highly compensated employees. The Plan contribution expense was \$0 for the year ended June 30, 2019.

8. CONCENTRATION RISK

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. Housing Rights Center, Inc. deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

The majority of Housing Rights Center, Inc.'s contributions and grants are received from corporations, foundations, and individuals and from California and federal governmental entities. As such, Housing Rights Center, Inc.'s ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for Housing Rights Center, Inc.'s services.

9. LIQUIDITY AND FUNDS AVAILABLE

The total financial assets held by Housing Rights Center, Inc. at June 30, 2019 and the amount of those financial assets that could be made available for general expenditure within one year of the date of the statement of financial position are summarized in the following table:

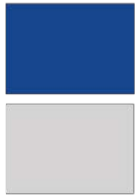
	<u>June 30, 2019</u>
Financial assets:	
Cash and cash equivalents	\$ 942,776
Contracts receivable	911,432
Case-related receivables	<u>409</u>
Total financial assets	<u>1,854,617</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 1,854,617</u>

Housing Rights Center, Inc.'s goal is generally to maintain financial assets to meet 355 days of operating expenses (approximately \$1,846,132). As part of its liquidity plan, Housing Rights Center, Inc. bills government-funded contracts in accordance with funding terms and conditions or receives periodic advances from funders, generally monthly. Amounts available for expenditure over the period of the next twelve are dependent on governmental funder's payment cycles which vary from 30 to 90 days. Excess cash, if any, is invested in short-term investments, including a money market account. Housing Rights Center, Inc. is not using any line of credit.

10. SUBSEQUENT EVENTS

Housing Rights Center, Inc. has evaluated events subsequent to June 30, 2019 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 30, 2020, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

GOVERNMENT AUDIT INFORMATION SECTION



VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Housing Rights Center, Inc.
(A California Non-Profit Corporation)
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Housing Rights Center, Inc. (A California Non-Profit Corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Housing Rights Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Rights Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Rights Center, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Rights Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vosin, Hryn + Co.

Calabasas, California
March 30, 2020



VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

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

To the Board of Directors of
Housing Rights Center, Inc.
(A California Non-Profit Corporation)
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited Housing Rights Center, Inc. (A California Non-Profit Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Housing Rights Center, Inc.'s major federal programs for the year ended June 30, 2019. Housing Rights Center, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Housing Rights Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Rights Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Housing Rights Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Housing Rights Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Housing Rights Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Rights Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance required by the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Housing Rights Center, Inc.'s internal control over compliance.

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

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

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

Voxin, Hryn + Co.

Calabasas, California
March 30, 2020

HOUSING RIGHTS CENTER, INC.
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019
(FEIN 95-2572642)

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	(D)irect (P)ass	Grantor Number	Term	Federal Expenditures	Payments to Subrecipients
U.S. Department of Housing and Urban Development Passed Through:						
City of Alhambra-Fair Housing Program	14.218	P	C2M15-34	7/1/18 - 6/30/19	\$ 25,000	\$ -
City of Baldwin Park-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	7,500	-
City of Burbank-Fair Housing Program	14.218	P		11/1/18 - 10/31/19	26,204	-
City of Carson-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	45,326	-
City of El Monte-Fair Housing Program	14.218	P	18H10105	7/1/18 - 6/30/19	26,959	-
City of Glendale-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	20,000	-
City of Glendora-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	15,000	-
City of Hawthorne-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	30,000	-
City of Inglewood-Fair Housing Program	14.218	P	18-275	10/1/18 - 9/30/19	61,375	-
City of Los Angeles-Fair Housing Program	14.218	P	C-128714	4/1/18 - 6/30/19	713,679	-
County of Los Angeles-Fair Housing Program	14.218	P	109729	7/1/18 - 6/30/19	200,000	-
City of Lancaster-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	35,000	-
City of Montebello-Fair Housing Program	14.218	P	3407A	7/1/18 - 6/30/19	20,000	-
City of Monterey Park-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	9,900	-
City of Oxnard-Fair Housing Program	14.218	P	7158-15-HO	7/1/18 - 6/30/19	29,000	-
City of Pasadena-Fair Housing Program	14.218	P	31273	8/1/18 - 6/30/19	49,293	-
City of Palmdale-Fair Housing Program	14.218	P	A-5515	7/1/18 - 6/30/19	31,774	-
City of Pico Rivera-Fair Housing Program	14.218	P	18-1833	7/1/18 - 6/30/19	10,500	-
City of Pomona-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	20,000	-
City of Redondo Beach-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	20,000	-
City of Rosemead-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	10,000	-
City of San Buenaventura-Fair Housing Program	14.218	P	P2018-116	7/1/18 - 6/30/19	10,000	-
City of South Pasadena-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	10,000	-
City of Santa Clarita-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	20,000	-
County of Ventura-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	57,000	-
City of West Covina-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	10,000	-
City of Whittier-Fair Housing Program	14.218	P		7/1/18 - 6/30/19	10,000	-
Community Development Block Grants/Entitlement Grants	14.218				1,523,510	-
Office of Fair Housing and Equal Opportunity						
Private Enforcement Initiatives	14.418	D	FPEI186049-01-01	03/01/18 - 02/28/19	189,966	-
Private Enforcement Initiatives	14.418	D	FPEI186049-01-01	03/01/19 - 02/28/20	100,000	-
Private Enforcement Initiatives	14.418				289,966	-
TOTAL FEDERAL AND U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT EXPENDITURES					\$ 1,813,476	\$ -

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Housing Rights Center, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of Housing Rights Center, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Housing Rights Center, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. DE MINIMIS INDIRECT COST RATE

Housing Rights Center, Inc. did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2019.

4. LOAN AND LOAN GUARANTEE

Housing Rights Center, Inc. did not have any balances of loan and loan guarantee programs outstanding at June 30, 2019 for loans described in 2 CFR section 200.50(b).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified.

Internal control over financial reporting:

• Material weakness(es) identified?

_____ Yes X No

• Significant deficiency(ies) identified?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?

_____ Yes X No

• Significant deficiency(ies) identified?

_____ Yes X None Reported

Type of auditors' report issued on compliance for major programs

Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?

_____ Yes X No

Identification of major programs:

CFDA Number(s)

14.218

14.418

Name of Federal Program or Cluster

Community Development Block Grants/Entitlement Grants

Private Enforcement Initiatives

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

**CURRENT AND PRIOR YEARS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

CURRENT YEAR FINDINGS:

2019 Findings:

There were no 2019 findings noted.

2019 Questioned Costs:

There were no 2019 questioned costs noted.

PRIOR YEARS FINDINGS:

2018 Findings:

There were no 2018 findings noted.

2018 Questioned Costs:

There were no 2018 questioned costs noted.

2017 Findings:

There were no 2017 findings noted.

2017 Questioned Costs:

There were no 2017 questioned costs noted.

OGDEN UT 84201-0029

In reply refer to:
4077967774 July 27, 2017 LTR
4168C 0
95-2572642 000000 00
00031103
BODC: TE

SOUTHERN CALIFORNIA HOUSING
RIGHTS CENTER
3255 WILSHIRE BLVD STE 1150
LOS ANGELES CA 90010-1453

029402

Employer ID Number: 95-2572642
Form 990 required: Yes

Dear Taxpayer:

This is in response to your request dated June 15, 2017, regarding your tax-exempt status.

We issued you a determination letter in May 1969, recognizing you as tax-exempt under Internal Revenue Code CIRC> Section 501(c)(3).

Our records also indicate you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509Ca>C1> and 170(b)(1)CA>Cvi>.

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If a return is required, you must file Form 990, 990-EZ, 990-N, or 990-PF by the 15th day of the fifth month after the end of your annual accounting period. IRC Section 6033(j) provides that, if you don't file a required annual information return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM C 1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

4077967774
July 27, 2017 LTR 4168C 0
95-2572642 000000 00
00031104

SOUTHERN CALIFORNIA HOUSING
RIGHTS CENTER
3255 WILSHIRE BLVD STE 1150
LOS ANGELES CA 90010- 1453

Sincerely yours,

Stephen A. Martin

Stephen A. Martin
Director , EO Rulings & Agreements



Attachment A: Excerpts from Governing Authorities: Business and Professions Code; Rules of the State Bar of California; Eligibility Guidelines for Legal Services Projects

California Business and Professions Code section 6210

The Legislature finds that, due to insufficient funding, existing programs providing free legal services in civil matters to indigent persons, especially underserved client groups, such as the elderly, the disabled, juveniles, and non-English-speaking persons, do not adequately meet the needs of these persons. It is the purpose of this article to expand the availability and improve the quality of existing free legal services in civil matters to indigent persons, and to initiate new programs that will provide services to them. The Legislature finds that the use of funds collected by the State Bar pursuant to this article for these purposes is in the public interest, is a proper use of the funds, and is consistent with essential public and governmental purposes in the judicial branch of government. The Legislature further finds that the expansion, improvement, and initiation of legal services to indigent persons will aid in the advancement of the science of jurisprudence and the improvement of the administration of justice.

California Business and Professions Code section 6213

As used in this article:

(a) “Qualified legal services project” means either of the following:

(1) A nonprofit project incorporated and operated exclusively in California that provides as its primary purpose and function legal services without charge to indigent persons and that has quality control procedures approved by the State Bar of California.

(2) A program operated exclusively in California by a nonprofit law school accredited by the State Bar of California that meets the requirements of subparagraphs (A) and (B).

(A) The program shall have operated for at least two years at a cost of at least twenty thousand dollars (\$20,000) per year as an identifiable law school unit with a primary purpose and function of providing legal services without charge to indigent persons.

(B) The program shall have quality control procedures approved by the State Bar of California.

[subsections (b) and (c) omitted]

(d) “Indigent person” means a person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free services under the Older Americans Act

or Developmentally Disabled Assistance Act. With regard to a project that provides free services of attorneys in private practice without compensation, "indigent person" also means a person whose income is 75 percent or less of the maximum levels of income for lower income households as defined in Section 50079.5 of the Health and Safety Code. For the purpose of this subdivision, the income of a person who is disabled shall be determined after deducting the costs of medical and other disability-related special expenses.

[subsections (e) through (k) omitted]

California Business and Professions Code section 6214

(a) Projects meeting the requirements of subdivision (a) of Section 6213 which are funded either in whole or part by the Legal Services Corporation or with Older American Act funds shall be presumed qualified legal services projects for the purpose of this article.

(b) Projects meeting the requirements of subdivision (a) of Section 6213 but not qualifying under the presumption specified in subdivision (a) shall qualify for funds under this article if they meet all of the following additional criteria:

(1) They receive cash funds from other sources in the amount of at least twenty thousand dollars (\$20,000) per year to support free legal representation to indigent persons.

(2) They have demonstrated community support for the operation of a viable ongoing program.

(3) They provide one or both of the following special services:

(A) The coordination of the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California.

(B) The provision of legal representation, training, or technical assistance on matters concerning special client groups, including the elderly, the disabled, juveniles, and non-English-speaking groups, or on matters of specialized substantive law important to the special client groups.

California Business and Professions Code section 6216

The State Bar shall distribute all moneys received under the program established by this article for the provision of civil legal services to indigent persons. The funds first shall be distributed 18 months from the effective date of this article, or upon such a date, as shall be determined by the State Bar, that adequate funds are available to initiate the program. Thereafter, the funds

shall be distributed on an annual basis. All distributions of funds shall be made in the following order and in the following manner:

(a) To pay the actual administrative costs of the program, including any costs incurred after the adoption of this article and a reasonable reserve therefor.

(b) Eighty-five percent of the funds remaining after payment of administrative costs allocated pursuant to this article shall be distributed to qualified legal services projects. Distribution shall be by a pro rata county-by-county formula based upon the number of persons whose income is 125 percent or less of the current poverty threshold per county. For the purposes of this section, the source of data identifying the number of persons per county shall be the latest available figures from the United States Department of Commerce, Bureau of the Census. Projects from more than one county may pool their funds to operate a joint, multicounty legal services project serving each of their respective counties.

(1) (A) In any county which is served by more than one qualified legal services project, the State Bar shall distribute funds for the county to those projects which apply on a pro rata basis, based upon the amount of their total budget expended in the prior year for legal services in that county as compared to the total expended in the prior year for legal services by all qualified legal services projects applying therefor in the county. In determining the amount of funds to be allocated to a qualified legal services project specified in paragraph (2) of subdivision (a) of Section 6213, the State Bar shall recognize only expenditures attributable to the representation of indigent persons as constituting the budget of the program.

(B) The State Bar shall reserve 10 percent of the funds allocated to the county for distribution to programs meeting the standards of subparagraph (A) of paragraph (3) and paragraphs (1) and (2) of subdivision (b) of Section 6214 and which perform the services described in subparagraph (A) of paragraph (3) of Section 6214 as their principal means of delivering legal services. The State Bar shall distribute the funds for that county to those programs which apply on a pro rata basis, based upon the amount of their total budget expended for free legal services in that county as compared to the total expended for free legal services by all programs meeting the standards of subparagraph (A) of paragraph (3) and paragraphs (1) and (2) of subdivision (b) of Section 6214 in that county. The State Bar shall distribute any funds for which no program has qualified pursuant hereto, in accordance with the provisions of subparagraph (A) of paragraph (1) of this subdivision.

(2) In any county in which there is no qualified legal services projects providing services, the State Bar shall reserve for the remainder of the fiscal year for distribution the pro rata share of funds as provided for by this article. Upon application of a qualified legal services project proposing to provide legal services to the indigent of the county, the State Bar shall distribute the funds to the project. Any funds not so distributed shall be added to the funds to be distributed the following year.

[subsection (c) omitted]

State Bar Rule 3.671: Primary purpose and function

- (A) A qualified legal services project is required by statute to have as its primary purpose and function providing legal services without charge to indigent persons. A qualified legal services project applying for Trust Fund Program funds is presumed to have such a purpose and function if 75% or more of the budget for the fiscal year for which it is seeking funds is designated to provide free legal services to indigents, and 75% or more of its expenditures for the most recent reporting year were incurred for such services. The calculation of 75% of expenditures may include a reasonable share of administrative and overhead expenses.

[subsection (B) omitted]

- (C) A qualified legal services project or qualified support center that does not meet the 75% test may nevertheless apply, provided that the applicant can satisfactorily demonstrate that it meets the primary purpose and function requirement by other means.

State Bar Rule 3.672: Delivery of Legal Services

- (A) “Legal services” include all professional services provided by a licensee of the State Bar and similar or complementary services of a law student or paralegal under the supervision and control of a licensee of the State Bar in accordance with law.

[subsection (B) omitted]

State Bar Rule 3.680: Application for Trust Fund Program grants

To be considered for a Trust Fund Program grant, a qualified legal services project or qualified support center seeking a Trust Fund Program grant must submit a timely and complete application for funding in the manner prescribed by the Commission. The applicant must agree to use any grant in accordance with grant terms and legal requirements.

- (A) A qualified legal services project must meet statutory criteria.

[subsections (B) through (D) omitted]

- (E) An application must include
- (1) an audited financial statement by an independent certified public accountant for the fiscal year that concluded during the prior calendar year. A financial review in lieu of an audited financial statement may be submitted by an applicant

whose gross corporate expenditures were less than the amount specified in the Schedule of Charges and Deadlines; 10 Business & Professions Code § 6223. 5

- (2) information about the maintenance of quality service and professional standards and how the applicant maintains standards, such as internal quality control and review procedures; experience and educational requirements of attorneys and paralegals; supervisory structure, procedures, and responsibilities; job descriptions and current salaries for all filled and unfilled professional and management positions; and fiscal controls and procedures.
- (3) a budget and budget narrative, which must be submitted within thirty days of receipt of a notice of tentative allocation, explaining how funds will be used to provide civil legal services to indigent persons, especially underserved client groups such as, the elderly, the disabled, juveniles, and non-English-speaking persons within the applicant's service area; and
- (4) information about program activities, such as substantive practice areas, extent and complexity of services, a summary of litigation, and populations served.

Eligibility Guidelines for Legal Services Projects, Guideline 1.4.

If the Commission or staff requests any further information relating to an applicant's eligibility, or related to the amount of the allocation under the Legal Services Trust Fund Program, the applicant must supply that information. However, the Commission is not required to notify applicants if their initial application fails to include information sufficient to demonstrate eligibility. Failure to provide information necessary to the Commission's decisions on eligibility or eligible expenditures (or failure to supply requested information relevant to those decisions) will be grounds for denial of eligibility, or for refusal to recognize part of the applicant's expenditures within the allocation formula. [Rules 3.680(E) and 3.691(A)]

Eligibility Guidelines for Legal Services Projects, Guideline 2.3.2.

2.3.2. without charge

Commentary:

Payments by clients for costs and expenses or a processing fee of \$20 or less shall not be considered a "charge" for legal services, so long as the processing fee is administered so that it does not prevent indigent persons from receiving services. If you charge a processing fee, you must establish procedures for waiving the fee for all clients who cannot afford it. You must

inform prospective clients of the availability of a waiver at the same time and in the same manner that they are informed of the fee, and in a language the client can understand.

If you charge a processing fee, your application must include information about established procedures for waiving the fee for clients who cannot afford it. The maximum of \$10 per processing fee will be regarded as a qualified expenditure.

If you charge some clients amounts in excess of costs, your application must state the percentage of your work in which such charges are made, and the basis for computing that percentage.

If attorneys' fees are generated through court awards, such fees must be used to provide further civil legal services without charge to indigent persons. [Rule 3.673(B)]

"Costs and expenses" include any out-of-pocket expenses incurred by the organization (or by pro bono attorneys recruited by the organization), including recoverable costs of litigation, copying charges, telephone charges, postage charges, and other out-of-pocket expenses normally charged to clients by attorneys in private practice. An applicant may be considered as providing legal services without charge within the meaning of Guideline 2.3.2 in spite of charges to clients for such items. [Rule 3.673(B)]

Eligibility Guidelines for Legal Services Projects, Guideline 2.3.4.

2.3.4. who are indigent

Commentary:

An indigent person is defined by the Business and Professions Code §§6213(d), 6213(g), 6213(h), and 6213(i) as follows: "Indigent person means a person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free services under the Older Americans Act or Developmentally Disabled Assistance Act. With regard to a project which provides free services of attorneys in private practice without compensation, indigent person also means a person whose income is 75 percent or less of the maximum levels of income for lower income households as defined in §50079.5 of the Health and Safety Code. For the purpose of this subdivision, the income of a person who is disabled shall be determined after deducting the costs of medical and other disability-related special expenses."

Your application must state the percentage of your organization's services that were provided during the previous calendar year to clients who did not fall within this definition. You must adopt written financial eligibility guidelines. If your eligibility criteria includes persons who are

not indigent within the definition of §6213(d) above, explain how you determined the percentage of clients served that falls outside the definition. If you did not have written financial eligibility guidelines in the prior year, your application must explain the basis of your computation of percentage and supply objective support for the computation. [B&P Code §§6213(d) and 6218]

If you provide legal services for the benefit of a group or class of persons beyond the specific individuals or organizations who are your clients, you may consider the services as “legal services provided to indigent persons” only if the legal matter is primarily for the benefit of indigent persons.

In determining whether a legal matter is primarily for the benefit of indigent persons, the Commission may consider the following factors and any others that aid in making that determination: (1) the forum in which the matter is being pursued, e.g., courts, administrative agency, legislature, etc.; (2) whether named clients are indigent persons or qualifying organizations (under Commentary 2.3.3 above); (3) in the case of a class action, the definition of the class contained in the complaint and proposed or actual class certification orders; (4) a description of the group of individuals that would benefit from a favorable resolution of the legal matter; (5) whether a majority of those who would benefit are indigent persons; (6) the relation of the legal issues raised by the matter to the needs of indigent persons; and (7) whether indigent persons are disproportionately impacted by the legal issues raised by the matter.

If legal services for the benefit of a group or class of persons beyond the specific individuals or organizations who are your clients constitute more than ten percent of your legal services, your application must identify the ten such legal matters on which you expended the largest amount of funds in the prior calendar year. For each of the matters so identified in your application, describe who would benefit from the services, state whether the matter is primarily for the benefit of indigent persons and, if so, explain the reasons you reached that conclusion. For any such matter that is primarily for the benefit of indigent persons, your description should include the information listed as items (1) through (7) in the preceding paragraph; you must quantify the percentage of your clients who are indigent persons (or organizations qualifying under Commentary 2.3.3 above) and the percentage of the persons who would benefit from the services who are indigent persons. Explain the basis of this information. You need not disclose information protected by the attorney-client privilege.

If some portion of your legal services are for the benefit of a group or class of persons beyond your specific clients and are not primarily for the benefit of indigent persons, identify the percentage of overall services provided in such matters and explain the basis of your computation.



The State Bar of California

DATE: August 14, 2020

TO: Members, LSTFC Eligibility and Budget Review Committee

FROM: Erica Connolly, Corey Friedman, Kim Savage, Eligibility Review Conference Working Group

SUBJECT: Eligibility Review Conference for 2021 IOLTA and EAF Funding for Kids in Need of Defense

EXECUTIVE SUMMARY

Kids in Need of Defense (KIND) is a new applicant for funding as a Qualified Legal Services Project (QLSP). KIND is incorporated in the District of Columbia and founded in 2008. KIND is a national organization that provides pro bono legal representation for refugee and migrant children.

The working group held an Eligibility Review Conference (ERC) with KIND on August 4. In attendance from KIND was Wendy Young, President; Vibha Bhatia, Vice President of Finance and Operations; Katie Annand, Managing Attorney, San Francisco/Fresno Office; and Veronica Jeffers, Managing Attorney, Los Angeles Office.

The issues addressed at the ERC included:

- Whether KIND is a qualified legal services project, as defined by Business & Professions Code section 6213(a) and State Bar Rule 3.670(A);
- Whether KIND meets primary purpose and has appropriately reported all non-qualifying activities and work; and
- Whether KIND has an acceptable methodology to accurately track and report qualified expenditures by county.

During the ERC, KIND was informed by members of the working group that it does not meet statutory threshold requirements as a QLSP because it is not incorporated in California. Therefore, the working group recommends that KIND be found ineligible for 2021 IOLTA and EAF funding.

The working group identified two additional eligibility issues should KIND decide to reapply for IOLTA and EAF funding in future grant years. These issues were not discussed at the ERC, as KIND indicated that it had no intentions to change its corporate structure to be separately incorporated in California.

BACKGROUND

Organizational Description

KIND is a new applicant for eligibility as a QLSP. Founded in 2008, KIND is a national organization that provides pro bono legal representation for refugee and migrant children. In order to address the multi-faceted needs of unaccompanied migrant children, KIND offers a comprehensive approach through its various programs: Social Services, Strategies and Special Programs, Regional Policy and Initiatives Policy, Policy and Advocacy, and Communications.

KIND is headquartered in Washington D.C., and has field offices in Atlanta, Baltimore, Boston, Houston, Los Angeles, Newark, New York City, San Francisco, Fresno, Seattle, and Northern Virginia. In addition, KIND has staff at the U.S. southern border and Mexico. It is requesting 2021 IOLTA and EAF funding for 22 California counties.

KIND did not submit its completed audit by the August 1 extension deadline and its application is therefore deemed incomplete. As of August 3, KIND reported estimated total expenditures of \$114,104,750 and total qualified corporate expenditures of \$23,660,741¹. Of that amount, KIND reported \$14,455,693 in non-qualified expenditures and \$9,205,048 in qualified expenditures. Based on the estimated amounts, KIND's percent of qualified expenditures for free civil legal services to indigent persons is 38.90 percent.

Governing Authorities

- Business & Professions Code sections 6210 (Preamble to Interest on Lawyer Trust Accounts (IOLTA Statute), 6213(a) (primary purpose), 6213(d) (indigent person), 6216 (allocation calculation methodology)
- State Bar Rules 3.670(A) (operation in California by qualified entities); 3.671(A) and (C) (primary purpose); 3.672(A) (legal services); 3.680(A) and (E) (application requirements)
- Legal Services Trust Fund Program Guidelines – Legal Services Projects, Guidelines 1.4. (application requirements), 2.1 (California nonprofit corporation), 2.3 (objective and quantitative information), 2.3.1 (civil legal services), 2.3.2. (without charge), 2.3.4. (indigent), 2.3.5 (primary purpose), 2.7 (financial statement requirements)

DISCUSSION

IOLTA grants are intended to improve access to civil legal services for indigent people, as stated in the preamble to the IOLTA statute.² IOLTA and Equal Access Fund (EAF) formula grants must be used to provide legal services. To be found eligible for these grants, KIND must have the primary purpose and function of providing legal services without charge to indigent persons.³ It

¹ This amount is calculated by subtracting in-kind expenditures and pass-through expenditures from total expenditures.

² Business & Professions Code § 6210; "IOLTA statute" refers to Business and Professions Code sections 6210 through 6228, which govern the administration of the IOLTA grants.

³ Business & Professions Code § 6213(a).

must also have a complete and accurate application, including a complete audit that will allow staff to determine that it meets threshold requirements as a legal services project and calculate the correct allocation amount by county, if found eligible.

During the ERC, KIND indicated that it was not prepared to become separately incorporated and thus would not meet threshold requirements for eligibility. In light of this, KIND asked the working group not to bring to the Committee a discussion of eligibility issues regarding primary purpose and expenditures by county. In addition, KIND's 2021 IOLTA and EAF application is incomplete, as it did not submit a final audit by August 1. Therefore, staff and the working group were unable to verify any reported expenditures.

The working group felt that it was important to document the 2021 IOLTA and EAF application issues regarding primary purpose and expenditures by county, as these were substantive issues that would have impacted KIND's eligibility had it met threshold requirements.

A. Qualified Legal Services Project Definition and Requirements

According to Business & Professions Code section 6213(a) and State Bar Rule 3.670(A), a QLSP is defined as "a nonprofit project incorporated and operated exclusively in California that provides as its primary purpose and function legal services without charge to indigent persons and that has quality control procedures approved by the State Bar of California."

In order to demonstrate that an organization meets this definition, Eligibility Guideline 2.1 requires organizations to file copies of the following documents 1) Articles of Incorporation certified by the California Secretary of State; 2) current Certificate of Status from the California Secretary of State 3) IRS determination letter and 4) State Franchise Tax Board determination letter.

Although KIND submitted documents 2, 3 and 4 (described above) to demonstrate nonprofit status, its Articles of Incorporation were certified in the District of Columbia, not in California. During the ERC, KIND confirmed that its California field offices are not separately incorporated and therefore does not meet threshold statutory requirements.

B. Primary Purpose and Non-Qualifying Activities

To be considered a QLSP, KIND must provide "as its primary purpose and function legal services without charge to indigent persons."⁴ To determine the organization's primary purpose, the IOLTA and EAF application instructs the applicant to report expenditures designated to the provision of civil legal services without charge to persons who are indigent in the prior calendar year, called "qualified expenditures." An organization's primary purpose is then calculated as a percentage based on amount of qualified expenditures over the organization's total corporate expenditures.⁵

⁴ Business & Professions Code § 6213(a)(1).

⁵ The organization's grant award is also calculated based on the amount of qualified expenditures, not the total corporate expenditures.

If the applicant organization's qualified expenditures constitute 75 percent or more of its corporate expenditures, the organization is presumed to meet the primary purpose requirement.⁶ If qualified expenditures are less than 75 percent of corporate expenditures, an applicant must provide a narrative response to be reviewed by the Eligibility and Budget Review Committee.⁷ Historically, the Committee has recommended organizations with qualified expenditures between 50 and 75 percent as eligible for funding.

As of August 3, KIND's estimated current qualified expenditures constitute 38.90 percent of its corporate expenditures. This amount is below the presumed and historically accepted threshold to meet primary purpose, and does not account for potential additional deductions for non-qualifying work. Out of its \$23,660,741 of estimated total expenditures, KIND made the following deductions for non-qualifying activities, totaling \$14,455,693:

- \$13,563,669 (services outside California)
- \$838,356 (non-legal services; social services)
- \$53,668 (lease or sublease expenses)

Despite having significantly less than 75 percent of its expenditures as qualifying, KIND believes it meets primary purpose because its "mission and primary purpose is to assert the children's rights and protection of unaccompanied immigrant children who migrate alone by providing free, high-quality legal services." It also asserts that its clients are similar to indigent defendants. KIND also states that in California, it provides some limited representation of indigent adult immigrants and their children.

A number of factors, including services to non-indigent persons and services provided outside California, impact what an organization can and cannot count as a qualified expenditure for purposes of eligibility for IOLTA and EAF funding⁸. While organizations are not prohibited from providing these services, it must make appropriate deductions to ensure that only qualified expenditures count towards primary purpose.

1. Deducting Services Provided to Non-Indigent Persons

In its application, KIND indicated that it does not conduct income screening to determine indigency. KIND's reason for this is because its clients are unaccompanied children and immigrant youth, who typically do not earn regular income and most of whom are low-income and would qualify under the federal poverty guidelines.

2. Deducting Services Provided Outside California

In its application, KIND indicated that it is a national organization and made deductions of approximately 57.3 percent of its estimated total corporate expenditures. However, the

⁶ State Bar Rule 3.671(A).

⁷ State Bar Rule 3.671(C).

⁸ Eligibility Guideline 2.3

explanation provided only lists KIND's domestic offices and it is unclear if additional deductions need to be made for KIND's international work. Staff followed up with KIND on July 22 for clarification, but KIND did not provide supplemental information responsive to confirm if this amount included international work.

3. Deducting Non-Legal Services

In its application, KIND deducted approximately 3.54 percent of its estimated total corporate expenditures for social services. It is unclear if this deduction is only for non-legal services provided in California or include KIND's additional field offices.

C. Determining Expenditures by County

Business & Professions Code section 6216(b) states that funds will be disbursed on a county-by-county pro rata basis. The application requires specific information regarding qualified expenditures in each county in order to ensure proper allocations are made when the statutory formula is run.

In its application, KIND noted that although it does not have an official method for tracking and reporting county expenditures, it does track clients by county. Again, because KIND was unable to submit its audit by August 1, staff and the working group were unable to verify KIND's estimated by-county expenditures.

D. Working Group Recommendation

This working group recommends that KIND be found ineligible for 2021 IOLTA and EAF funding under Business & Professions Code section 6213(a)(1) and State Bar Rule 3.670(A) for not meeting threshold eligibility requirements and State Bar Rule 3.680 and Eligibility Guideline 1.4 of the Eligibility Guidelines for Legal Services Projects, for failing to submit a timely and complete application.

The working group did not request additional information from KIND or grant an extension to submit its audit beyond August 1. The working group also advised KIND to work with staff before and during the application process in the future in order to ensure compliance with the application requirements.

E. Next Steps

The Eligibility and Budget Review Committee will review this recommendation at its August 14 meeting and, make a recommendation to the Legal Services Trust Fund Commission regarding KIND's eligibility for 2021 IOLTA and EAF funding. The Commission will then make a final determination at its August 14 meeting.

ATTACHMENT(S) LIST

- A.** Excerpts from Governing Authorities: Business & Professions Code; Rules of the State Bar of California; Legal Services Trust Fund Program Eligibility Guidelines for Legal Services Projects



Grant Year: 2021

Due Date: June 15, 2020 at 5:00pm PST

Prepared by: Evelyn Hickman

Email: ehickman@supportkind.org

Contact Phone: 202-318-0601

Funding Opportunity: IOLTA LSP

Project Title: 3532-IOLTA LSP-2021-Kids in Need of Defense-267

Program Name: Kids in Need of Defense

Applicant Title: Grant Manager

Address: 1201 L St. NW Floor 2

City: Washington

Update Organization Profile

Confirm the organization's record is up to date. To access the Organization Profile, click on the "Review Organization Profile" button to open it in a new page. Review the Organization Profile, including the "Main," "Organization Details," and "Documents" tabs; make any necessary updates, and click Save.

Confirm that the designated Primary and Secondary Contacts are correct. For reference, identified responsible staff are listed below. The "Executive Contact" should be the Executive Director (or Clinic Director for law schools) and should have the authority to sign grant agreements with the State Bar. "Executive Contact" and "Primary Contact" are used interchangeably. Secondary Contacts for an organization will receive the same email communications as the Executive/Primary Contact.

For contact updates in the Organization Profile, contact the organization's SmartSimple User Administrator, identified under roles in the contact tab. Refer to the SmartSimple Managing Contacts user guide posted on the homepage under the "Key Documents & Authorities" section for more information on how to update contact information.

Executive Contact: Wendy Young

Secondary Contact(s): Vibha Bhatia,

I verify the information in the Organization Profile is accurate and up to date.

I verify that I have read, and am familiar with, the eligibility guidelines for IOLTA funding for legal services projects.



I. Eligibility Criteria

1. New or Currently Funded Applicant

Initial Funding or Returning Applicant not Currently Funded as a Legal Services Project

2. Applicant Type

A nonprofit corporation that provides civil legal services to the indigent without charge as its primary purpose and function

Upload a letter of support from the law school dean describing the history of the law school clinical program.

3. Applicant Eligibility

Select all that apply

Upload an LSC grant award letter or a subcontract showing the amount of LSC funds awarded through another agency.

Upload a contract, determination letter, or subcontract indicating the amount of Older Americans Act funds awarded.

An organization that receives at least \$20,000 annual cash funds from sources other than the State Bar of California to support free legal representation to indigent persons (as reflected in the Total of Non-State Bar Revenue calculated on Form VI) and can show community support for the program

3.A. Community Support

Describe the community support for the operation of a viable, ongoing program.

KIND's methods for service delivery are reliant upon successful relationships with hundreds of community



organizations and legal entities throughout California. KIND leverages such relationships to provide legal and social services to almost 1,250 unaccompanied immigrant children living in California and to raise community and government awareness of the importance of immigrant friendly policies focused on protecting the needs and rights of immigrant children. To effectively manage these clients' cases, KIND's 31-person team based out of Los Angeles, San Francisco, and Fresno work with over 190 law firms, corporate legal departments, law schools, local bar associations, solo practitioners, and other community stakeholders, such as health care providers and other nonprofit organizations serving the immigrant and refugee community. A few examples include:

In and around Los Angeles:

The Archdiocese of Los Angeles, the Culver City Unified School District, Los Angeles Unified School District, Los Angeles Law Library, Esperanza Immigrant Rights Project, Legal Aid Foundation of Los Angeles, Immigration Defenders Law Center, Public Counsel, Coalition to Abolish Slavery and Trafficking, CARECEN, Legal Aid Foundation of Los Angeles, Bet Tzedek, Western State College of Law, USC Gould School of Law, Southwestern Law School, UCLA and Pepperdine Law Schools, Loyola Law School, University of California at Irvine School of Law, the Los Angeles SIJS Working Group, Los Angeles Asylum Collaborative, UAM Working Group, Los Angeles Justice Fund Collaborative, the Southern California Pro Bono Managers Group, Amanecer Family Services, Special Services for Groups, Children's Bureau, Institute for Multicultural Counseling and Educational Services, Los Angeles Guidance Center, Western Youth Services, San Fernando Valley Community Mental Health Center, LA Department of Mental Health, Children's Institute, El Nido, FACT – Family and Communities Together Orange County, SHIELDS, YMCA, Child Care, Head Start, El Nido, Jovenes, PATH, LA LGBT Center, Jenesse, Ruth's House, Angel's Flight, Covenant House, St. Johns Hospital, Children's Hospital Los Angeles, UCLA Medical, USC Dental School, Chrysalis, Baby 2 Baby, LA Works, LA Metro, Lil Libros, and In a Perfect World.

In and around San Francisco and California's Central Valley:

The San Francisco Immigrant Legal Defense Fund, Immigrant Legal Resource Center, California Rural Legal Assistance Foundation, Central California Legal Services, University of San Francisco Law School Immigration Clinic, Legal Services for Children, Bay Area Legal Aid, Immigration Center for Women and Children, Community Legal Services of East Palo Alto, East Bay Sanctuary Covenant, Compass Family Services, ScholarMatch, 826 Valencia Street, PODER, University of California Merced, San Francisco Unified School District, Fresno Unified School District, Mendota Unified School District, Madera Unified School District, Sanger Unified School District, Modesto City Schools, Oakland Unified School District, Central Valley Immigrant Integration Collaborative, , REFORMA, Sanger Family Resource Center, Board of South Modesto Partnerships, Community Partnership for Families of San Joaquin County, Westside Youth Center, Faith in the Valley, United Health Center, Centro La Familia, United Farm Workers Foundation, Teen Impact Center of Stockton, Stanislaus County Office of Education, Poverello House, Community Action Partnership of Madera County, EOC Transitional Youth Shelter, Catholic Charities, Tulare Food Link, Migrant Education Program, Golden



Valley Health Centers, Camarena Health Centers, and Turlock Family Resource Center.

KIND's San Francisco office leads the Northern California Special Immigrant Juvenile Status Taskforce, a convening of practitioners representing children seeking SIJS pro bono or at a low cost. KIND's San Francisco office also co-chairs PLI trainings around representing unaccompanied children.

KIND's social services coordinators connect KIND's clients with social services providers, many of which are listed above, to address clients' medical, mental health, education, housing, food/basic, reproductive rights, LGBTQ education, and other needs. KIND highlights the work of these community-based organizations at various events, including resource fairs, where clients can interact with local social services organizations.

Further community support is demonstrated by the number of trainings KIND hosts to train pro bono attorneys and engage community stakeholders. In 2019, KIND's California offices facilitated 133 trainings, with 3,076 attendees (many participants attend multiple sessions), and topics ranging from basic guidance for representing children in immigration court, to more in-depth subjects such as trauma-informed interview techniques to use with children. To support its pro bono and legal services partners, KIND maintains a robust library of sample court documents and reference materials, and currently mentors 684 pro bono attorneys from KIND's field offices in Los Angeles and San Francisco who have active cases for KIND's child clients.

3.B. Which of the following services does your organization provide?

Provides legal representation, training, or technical assistance on matters concerning indigent special client groups, or substantive law important to special client groups

Special Client Group(s) Served

Nature of Assistance

Special Client Group Served/ Relevant Substantive Law

Legal Representation

Training

Technical Assistance

Unaccompanied Immigrant Children

Yes

Yes

Yes

II. Description of Organization



Provide a comprehensive but concise description of the entire organization's work in the previous calendar year. Currently funded organizations should not limit responses to activities funded by the State Bar.

Click "Save & Finish Later" after adding counties.

County

Alameda

Contra Costa

Fresno

Placer

Kern

Kings

Los Angeles

Madera

Merced

Orange

Riverside

Sacramento

San Bernardino

San Francisco

San Joaquin

Santa Barbara

Solano

Stanislaus

Tulare

Ventura

Yolo

Yuba

1. Organization's Mission and Vision



KIND's vision is a world in which children's rights and well-being are protected as they migrate alone in search of safety. To achieve this mission, KIND ensures that no child appears in immigration court without high quality legal representation; advances laws, policies, and practices that ensure children's protection and uphold their right to due process and fundamental fairness; and promotes, in countries of origin, transit, and destination, durable solutions to child migration that are grounded in the best interests of the child and ensure that no child is forced to involuntarily migrate.

2. Core Programs

Describe the organization's core programs as reflected in promotional materials (include a summary of all work, not just activities funded by State Bar monies).

In response to multiple dangers faced by unaccompanied immigrant children and the imperative of a holistic, long term approach, KIND's programs address current challenges head-on, create systemic change, and provide critical services at all points during a child's journey. Within a framework starting with KIND's mission that no child face immigration court alone, KIND provides representation to high needs children through in-house staff attorney representation; leverages the private sector through its pro bono Legal Services model; implements a robust Social Services Program; and takes a leading role in impact litigation through its Strategy and Special Programs. Apart from KIND's work in California and its other U.S.-based field offices, KIND has staff at the U.S. Southern Border, as well as in Mexico, and helps deported children reintegrate in their home countries through its Regional Policy and Initiatives Program. KIND is also developing a long-term integration and naturalization project, hoping to continue to connect with the children KIND serves even after lawful status is obtained and legal representation ends. Field operations are supported by and inform a robust and growing Policy and Advocacy Program, including the KIND's state policy director based in California, and Communications Program, which ensure immigration policies and procedures protect children's wellbeing and educate hearts and minds about the human realities of children on the move. KIND is recognized as a leading global expert organization on the rights and needs of unaccompanied children and the laws, policies, and practices that affect them.

3. Client Population

Describe the constituencies served by the organization. Include demographic information, such as age, gender, ethnicity, income levels, and any other characteristics particular to the service population.



KIND serves a client population of vulnerable children who have fled their countries of origin to escape dangerous and often life-threatening circumstances. The average age of KIND's clients served by field offices in Los Angeles and San Francisco is fourteen and fifteen, respectively, and roughly 40% are female, and 60% are male. Some of KIND's clients identify as LGBTQ. Ninety percent came to California from the Northern Triangle countries of Guatemala, Honduras, and El Salvador and eight percent came from Mexico, although KIND's child clients arrive in the U.S. from all over the world to seek a safe and secure future.

Many of KIND's child clients have endured various forms of trauma before, during, and/or after their journeys to the U.S. Over the course of a child's legal representation, KIND helps child clients access critical medical, mental health and other social services. Social services coordinators in KIND's Los Angeles and San Francisco offices both directly provide support to children, as well as connect KIND clients to other services providers in the community, including medical care, vocational resources, safety planning, food, educational support, transportation, communications and technological support, and much more. This support helps clients reach stability and safety as they proceed through their immigration court proceedings.

KIND works with children throughout California who at times live several hours away from their attorneys and the immigration courts. The KIND attorneys or pro bono attorneys often travel several hours to meet with their clients. KIND's San Francisco and Fresno office represent children in the Central Valley who live two to four hours away from their attorneys and from the San Francisco Immigration Court. KIND's Los Angeles team represents children in Riverside, San Bernardino, Ventura, Kern, and parts of Orange counties, creating a coverage area for staff that extends as far west as the Arizona border and as far south as Palm Springs. Recently, the Executive Office for Immigration Review (EOIR) announced plans to reorganize the jurisdiction of existing Immigration Courts, which will likely require even further travel related to the representation of KIND's clients. KIND's Legal Services Technology team uses Skype for Business, its cell phone pilot project, and a new pro bono portal to facilitate representation of the children ensuring that children in some of the rural regions of California also have attorneys in immigration court.

While Spanish is the primary language for most of these children, there are a number of children whose primary language is an indigenous language, such as Quiché, Mam, Kanjobal, Chuj, Garifuna, Trique, Mixteco, and Zapotec. Children in the Long Term Foster Care (LTFC) program served by KIND's San Francisco office speak Mandarin, French, Hindi, Tigrinya, and Portuguese. The majority of KIND's staff in Los Angeles, San Francisco and Fresno are bilingual or fluent in Spanish. KIND staff collaborate with interpreters when communicating with clients who speak languages other than Spanish or English.

Based on information provided during the intake process, and the fact that KIND's clients are children, KIND serves a low-income client population. KIND's clients are also newly arrived immigrants acclimating to a new home, language, systems, and country.



4. Income Eligibility for Services

Describe how the organization verifies and documents an individual's income eligibility for services. Identify all income criteria and guidelines used to establish eligibility for services.

KIND does not conduct income eligibility assessments, although during referral screenings, KIND asks potential clients questions designed to gauge the well-being of the child which include questions regarding level of income, debts they may owe, and other expenses they may be paying.

KIND's clients are children. Due to administrative backlogs in immigration court and USCIS, many of KIND's clients have turned eighteen since KIND staff and pro bono attorneys commenced representation. Their access to work authorization depends on the state of their immigration case, and many of KIND's clients lack work authorization and the ability to obtain stable employment. Unaccompanied children and immigrant youth typically are not earning regular income, and almost all are low-income and qualify under the federal poverty guidelines.

The COVID-19 pandemic has also had a significant economic impact on KIND's clients. Many caretakers of KIND's clients lost their jobs as a result of COVID-19. Others experienced furloughs and reduced hours. For the most part the caretakers of KIND's clients and the clients themselves do not qualify for federal economic assistance. Many have struggled to obtain the California Disaster Relief Assistance for Immigrants due to high demand. KIND has worked with many clients experiencing food insecurity, housing instability, job loss, and other challenges due to COVID-19. KIND has served and continues to serve children, often of tender age, who have been separated from their families either due to the current Administration's Zero Tolerance Policy and/or the more recent Migrant Protection Protocols (MPP), the latter of which has prompted many de facto separations.

5. Programmatic Activities

Select all the programmatic activities the organization engaged in during the previous calendar year. Do not include fundraising and administrative activities (Eligibility Guidelines 2.3).

5.A. Legal Services Community legal education and information, Representation, Legislative or policy
Activities: advocacy

Describe Other:

5.B. Other Activities:



i. Legal Services:

Under which funding sources did you serve these clients?:

ii. Other Services: Other non-legal services

Describe Other Non-Legal Services: Providing child clients with social services support reflects KIND's trauma-informed approach to legal services and keeps the children's cases on track. The non-legal services KIND provides include a range of comprehensive mental health, medical, and education referrals through a culturally and linguistically responsive lens. The social services coordinators in KIND's field offices forge strategic relationships with services providers and community partners, where the partner organization also often refer their clients to KIND for legal services. However, in addition to referring clients to community partners, KIND's social services coordinators provide direct services and crisis management for clients with pressing psycho-social, emotional, behavioral and physical needs; the social services coordinators are trained social workers and/or have years of experience working with vulnerable children. They provide mentoring and skills training, host resource fairs and other integration support, and advance a trauma-informed care model to promote healing and recovery, including play therapy for tender age children, creative arts, and expressive groups for youth. In 2019, 166 children were internally referred to the social services coordinators in Los Angeles and Fresno for social services support. In the first five months of 2020, the number of children referred for social service assistance has already reached 204 given the impact of the COVID-19 pandemic and other economic factors.

6.A. Total number of impact litigation cases (include partner/co-counsel cases)

Report all impact litigation cases your organization engaged in during the previous calendar year, both open and closed.

3

6.B. Total number of advocacy activities



Report all advocacy activities your organization engaged in the previous calendar year, both completed and ongoing.

8

6.C. Summarize Additional Activities

If you engaged in more than 10 advocacy activities or more than 15 impact litigation cases in the previous calendar year, briefly summarize the nature of these additional activities.

NA

Impact Case(s)

#	Case Name	Court Name	Case Status	View / Edit Template	Form Status
1	Ms. L v U.S. Immigration & Customs Enforcement, No. 3:18-cv-428 (S.D. Cal.)	U.S. District Court for the Southern District of California	Submitted		Open
2	Flores v. Barr, No. 85-cv-	U.S. District Court for the Central District of California	Submitted		Open
3	East Bay Sanctuary Covenant v. Barr	U.S. District Court for the Northern District of California and Ninth Circuit Court of Appeals	Submitted		Open

Advocacy Activity(ies)

#	Advocacy Activity	Type	Activity Status	View / Edit Template	Form Status
1	California state legislative advocacy and education on matters affecting unaccompanied children	Legislative	Ongoing		Submitted



2	Federal legislative advocacy and education on matters affecting unaccompanied children	Legislative	Ongoing	Submitted
3	California state administrative advocacy with the California Department of Social Services	Administrative	Ongoing	Submitted
4	Funding advocacy for local county-created immigration removal defense legal services	Administrative	Ongoing	Submitted
5	Advocacy with the Judicial Council and California state courts regarding matters affecting Special Immigrant Juvenile Status	Administrative	Ongoing	Submitted
6	Advocacy with Executive Office of Immigration Review (EOIR) and Department of Homeland Security on behalf of unaccompanied children	Administrative	Ongoing	Submitted
7	Advocacy against federal policies on family separation of immigrant children and families	Legislative	Ongoing	Submitted
8	Provide comments on federal rules and regulations affecting unaccompanied children	Administrative	Ongoing	Submitted

III. Staffing and Volunteers



Staffing as of December 31

Personnel Category	Full-Time Staff	Number of People (Part Time)	Full-Time Equivalent (Part Time)	Total Staffing FTEs	Number of People (Temp Staff)	Total Hours (Temp Staff)	Number of people (Volunteer)	Donated Hours (Volunteer)
Attorneys	114	1	0.66	114.66	6	196	8301	747090
Paralegals	48	0	0.00	48.00	0	0	0	0
Law Students	0	0	0.00	0.00	0	0	0	0
Professional Services	46	0	0.00	46.00	2	80	0	0
Clerical/Admin	22	0	0.00	22.00	0	0	0	0
Other Personnel	10	0	0.00	10.00	0	0	0	0
TOTAL	240	1	0.66	240.66	8	276	8301	747090

1.A. Professional Services and Other Personnel

For each position included under Professional Services and Other Personnel, state the title and full-time equivalent of the position(s).

Professional Services (all of the below are 1 FTE each):

Deputy Director, Mexico Initiative

Deputy Director, Policy (Mexico Initiative)

Director of Digital Media

Director, Gender & Migration Initiatives

Social Services Coordinator

President

Senior Individual Giving Manager

Vice President of Public Outreach and Strategic Development

Vice President for Policy and Advocacy

Director of Donor Relations Director, Reintegration Programs

Senior Director, Office Operations

Executive Vice President, Operations

Deputy Director for Policy

Sr. Director, Comms & Community Engagement

Grant Manager



Staff Accountant
Senior Counsel for Legal Strategy
Senior Director for Latin America
Vice President for Communications
Vice President, International Programs
Director of Culture and Talent Management
Regional Director, Office Operations West & Mexico
VP Finance & Operations
Vice President of Human Resources
Director of Policy
State Policy Director
Senior Social Services Coordinator
Sr Director, Tech Strategies
Technology Strategies Manager
Senior Project Associate, Technology Strategies
Senior Director, Social Services
Vice President, Legal Programs
Regional Director, Social Services (East)

Other Personnel (all of the below are 1 FTE each):

Regional Director, Office Operations East
Recruitment Manager
Program Coordinator, Mexico Office
Operations and Procurement Manager
Human Resources Generalist
Sr. Associate of Communications and Community Engagement
Case Manager
Sr Director of Data Strategy
Data Manager

2. Use of Non-Legal Professionals

Describe how the organization utilizes non-legal professionals in its service delivery model.

3. How many hours per week does the organization consider a full-time schedule?

Do not include non-numeric characters, this includes commas, periods, etc.



40.00

4. Staffing and/or Organizational Changes

Describe any significant changes in staffing levels or structure in the previous calendar year, and its impact on programmatic activities. Identify any significant vacancies and explain whether the organization is actively recruiting for the position, or is holding the position for budgetary or other reasons.

KIND has not experienced any significant changes in staffing levels of structure within its San Francisco, Fresno, or Los Angeles offices in the previous calendar year. Nor are there any significant vacancies within these three field offices.

IV. Application for Pro Bono Allocation

To qualify for the pro bono allocation in the county(ies) in which the organization provides services, the organization must meet both these requirements (1) coordinate the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified organizations as its principal means of delivering legal services; and (2) demonstrate that its principal means of delivering legal services is "the recruitment of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California" through one of the three tests described in Eligibility Guideline 2.6.3. and 2.9.

1. Are you applying for a pro bono allocation per the qualifications listed?

If yes, the organization should annually recruit at least 30 attorneys, OR recruit at least five percent of the licensed attorneys in the county served, OR receive at least 1,000 hours of donated legal services from volunteer attorneys.

No

V. Quality Control Review

1. Quality Control Report



Has the organization received a written quality control review from the Legal Services Corporation, the California Department of Aging, or an Area Agency on Aging in the previous calendar year?

No

2. Legal Services Staff Supervision

Describe how legal services staff are supervised to ensure quality service. Identify supervisory personnel and provide information regarding their oversight (frequency of case management meetings, etc.). If there is only one staff attorney or the organization only employs contract attorneys, describe how oversight and quality control are ensured.

KIND ensures quality service through consistent and ongoing staff training, support, and supervision. The managing attorney provides oversight of each field office, with the managing attorney in KIND's San Francisco office also overseeing the Fresno satellite office with the help of a Fresno-based senior attorney. To track progress on cases, KIND evaluates data from its case management system, Legal Server. Managing attorneys review the status of cases quarterly and discuss with senior and staff attorneys any cases experiencing barriers to progress as well as the clients' well-being. KIND's in-house attorneys range in experience from recent law school graduates to seasoned practitioners. The staff also includes mid-level attorneys, who have acquired particular expertise in asylum and SIJS as those forms of immigration relief related to unaccompanied children. All of the attorneys work together to ensure that the highest standard of practice is made available to every child referred to KIND. Formally, the senior attorneys supervise the attorneys who are newer to providing legal representation to unaccompanied children. Case strategizing is often done in a group context, with the attorneys meeting on a weekly basis to discuss case outcomes, trends and strategies. Newer attorneys also shadow more experienced attorneys, accompanying them to court or the USCIS in advance of their own appearance(s) before a state or immigration law judge or USCIS adjudications officer. Supervising senior attorneys meet weekly with staff attorneys to discuss case progress, and staff attorneys meet two times a month with the social services coordinator to discuss social services needs of clients that may impede progress on the child's immigration case. The case-management database also houses data regarding trainings and other presentations given by KIND and the number of attendees at trainings and presentations.

3. Volunteer Supervision

Describe the method(s) by which volunteers (attorneys, paralegals, and law students) are supervised. If the organization does not actively supervise volunteers or review their work product, how does the organization ensure compliance with its quality standards?



Pro bono attorneys and other legal services volunteers are provided with introductory and advanced trainings. All of KIND's offices regularly conduct 90 to 120-minute introductory trainings on representing unaccompanied children designed to introduce new attorneys and volunteers to KIND's model and provide grounding on key legal concepts in representing unaccompanied immigrant children in that field office's jurisdiction. The trainings include an overview of immigration court and USCIS procedures, and they cover eligibility for the major forms of relief such as SIJS, asylum and T and U visas. Field office staff also generally provide between one to three local trainings for pro bono attorneys every month that focus on more advanced topics, such as state court proceedings, trauma-informed child interviewing skills, and preparing for asylum interviews. Even before the COVID-19 pandemic moved all trainings to webinar format, many advanced trainings had frequently been done via webinar to be recorded to share in the future. In addition, KIND's staff in the different cities have created case packets for each of their jurisdictions, which are practice oriented and are shared with pro bono attorneys. The Legal Programs Management Team also contributes trainings and policy updates from a national perspective for pro bono attorneys, volunteers, and other partners.

Pro bono attorneys are provided with regular mentorship by KIND's staff attorneys, through both one-on-one and group sessions. KIND staff attorneys also make themselves available to pro bono attorneys by phone and email for quick and specific questions. Pro bono attorneys with active cases are asked to participate in regular meeting with their KIND staff attorney mentors, and KIND staff regularly review the status of all of KIND's active cases, whether managed internally or by pro bono partners, to ensure continued progress in the cases. Pro bono attorneys also benefit from informal—and in some cases formal—mentorship within their own firms and organizations from other attorneys who have previously represented an unaccompanied children through KIND's mentorship.

4. Describe case opening and closing oversight practices.



New client referrals are first screened by a program assistant or a paralegal trained in trauma-informed interview techniques. The case is entered on Legal Server and tracked by case status. New intakes are then discussed at intake rounds with the managing attorney and/or senior attorney and placed in-house with a KIND attorney or with a pro bono attorney. Once a pro bono attorney identifies an interest or a case they would like to work on, the assigned staff attorney works with the pro bono attorney to confirm they have completed the background check process. Information necessary to complete the conflicts check is sent. Once both checks have been completed, the assigned staff attorney securely sends the pro bono attorney the child's critical documents and schedules a call to discuss the case and develop a strategy and timeline for proceeding. Supervision and case work follows as described previously. Throughout the life of a case, staff attorneys perform case audits to confirm progress and filings on mentored and in-house cases alike. When the child obtains immigration relief or KIND otherwise closes the case (e.g. child moves away), the staff attorney confirms closure of the case with the managing attorney. Cases placed with pro bono attorneys are also recorded on Legal Server from opening, through filings, to close of the case.

VI. Sources of Funding

Use the table below to itemize the organization's sources of funding in the calendar year 2019.

Enter the cash amount received for each funding source. Do not include State Bar monies.

- Under Foundations, list the largest three grants by organization, and then add the remaining amounts together under Other Foundation Funding.
- Under Government Resources, for each Federal, State, and Cities and Counties, list the largest three grants by agency, and then add the remaining amounts together in the corresponding Other field.

Source	Amount Received
Individual Contributions	
Attorneys/Private Donors/Individual Gifts	\$4,248,504
Event Sponsorship/Special Events	\$912,098
Other	\$409,652
Total	\$5,570,254

**Organizations**

Bar Associations	\$0
Law Firms	\$85,802
Law Schools	\$0
Other, including subgrants from nonprofits	\$0
Total	\$85,802

Foundations**Subtotal**

Anonymous Foundation	\$1,500,000
Robert Wood Johnson Foundation	\$500,000
Together Rising	\$350,000
Other Foundation Funding	\$3,063,194
Total	\$5,413,194

Legal

Legal Services Corporation	\$0
Area Agency on Aging	\$0
Total	\$0

Government Resources

Federal (not LSC or OAA)	
Department of Health and Human Services via Vera Institute of Justice	\$10,646,380
Criminal Justice Coordinating Council	\$151,137
	\$0
Other Federal Funding	\$0
State	
California Department of Social Services	\$836,500
	\$0
	\$0
Other State Funding	\$0
Cities and Counties	
City of Seattle and King County Washington	\$247,298
The Legal Aid Society Immigrant Opportunities Initiative	\$399,298
Central American Resource Center - San Francisco	\$303,269
Immigrant Legal Defense Collaborative	
Other City and County Funding	\$250,098



Total	\$12,833,980
Residual and Cy Pres Awards	
State Court	\$0
Federal Court	\$0
Total	\$0
Fees and Reimbursements	
Attorneys' Fees	\$0
Client-Paid Amounts	\$0
Cost Reimbursements	\$24,500
Other Professional Fees	\$0
Total	\$24,500
Other Cash Support	
Rent Revenue	\$48,672
Corporations	\$1,042,765
Fellowships	\$310,930
Investment Income	\$223,848
MLR Reimbursement and Other	\$81,481
Total	\$1,707,696
TOTAL OF NON-STATE BAR REVENUE	\$25,635,426

1.A. Other Funding

Itemize sources included in any "other" line items listed in the Sources of Funding worksheet.

VII. Total Corporate Expenditures

Organization's Fiscal Year End: December 31

1. Upload Audited or Reviewed Financial Statement Ended in the Previous Year



Upload a final copy of the organization's audit or financial review for the organization's fiscal year ending in 2019; qualified expenditures will be calculated based on this document. Organizations with gross corporate expenditures less than \$500,000 can provide a financial review in lieu of an audited financial statement (Rule 3.680(E)(1)). It is also the obligation of the applicant to upload a copy of the most recent audit or financial review as soon as available, and no later than May 1, to the Organization Profile under the Documents tab.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If requesting an audit extension, upload an explanation (in lieu of the audit or financial review) with an estimate of when the audit or financial review will be finalized. The applicant should complete all sections of the application using reasonable estimates if the audit or financial review is not available. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.

Audit_not_ready_yet.docx

48.8 KB - 06/15/2020 11:16AM

Total Files: 1



Total Corporate Expenditures

NON-CASH		Expenditures
In-kind/Donated Services		\$90,390,154
Unrealized Losses		\$10,020
Other		\$0
Total Non-Cash Items		\$90,400,174
PASS-THROUGH / FISCAL SPONSOR		Expenditures
Pass-through		\$43,835
Total Pass-through		\$43,835
PERSONNEL		Expenditures
Attorneys		\$10,356,667
Paralegals		\$2,169,389
Other Staff		\$1,324,432
Subtotal		\$13,850,488
Employee Benefits		\$2,526,165
Total Personnel		\$16,376,653
PERSONNEL		Expenditures
Attorneys		
Paralegals		
Other Staff		
Subtotal		
Employee Benefits		
Total Personnel		
NON-PERSONNEL		Expenditures
Space		\$1,863,444
Equipment Rental and Maintenance		\$456,637
Office Supplies and Small Equipment		\$105,192
Printing and Postage		\$113,376
Telecommunications		\$132,167
Technology		\$262,197
Program Travel		\$695,440
Training		\$147,712



Library	\$0
Insurance	\$106,878
Audit	\$26,421
Litigation	\$0
Depreciation	\$104,698
Contract Service to Clients	\$0
Contract Service to Program	\$1,030,884
Other	\$2,239,042
Total Non-Personnel	\$7,284,088
TOTAL EXPENDITURES (Personnel + Non-Personnel +Non-Cash+Pass-through)	\$114,104,750
TOTAL QUALIFIED CORPORATE EXPENDITURES (Personnel + Non-Personnel)	\$23,660,741

Please itemize all expenses included under Depreciation.

Equipment
Furniture and Fixtures

Please itemize all expenses included under Contract Service to Program.



A'Hern Law Group PLLC Immigrant Removal Process 6,000.00
Amber Mayes Consulting Management Training 20,700.00
Amit A. Pandya KIND UK Work 18,330.00
Aniesh Adorno Play therapy 12,000.00
BDO HR consulting 126,895.40
BDO Accounting Fees 230,884.68
Beckie Masaki SF/Fresno Internal Vicarious Trauma training 1,040.00
Child Circle KIND Europe Consulting 3,818.64
Cornerstone Government Affairs, Inc. Advocacy Consulting 110,000.00
EJO Solutions IT Consulting 137,706.20
Fabio Lomelino, LCPC Social Services Retreat 1,120.00
Focused 2018 Annual Report 1,600.00
Global Philanthropy Group, LLC Communications Strategy 90,000.00
Harris Wiltshire & Grannis LLP ethics advise 1,275.00
Jennifer Rae Taylor Milligan KIND conference speaker 750.00
Jessica Zamarron Music Therapy Workshop Preparation 125.00
Julio Santiago Lopez Ventura Planning 5,000.00
Kristina McKibben Case Work 6,000.00
Laura R Rheinheimer Conference Speaker 11,000.00
Maha Jweied KIND Europe Consulting 62,600.00
Maqueda M. Brown Preparation of revised W2 Forms 2,825.00
Marieanne McKeown KIND Europe Consulting 48,134.72
MediaWorks Resource Group Onsite training for Managing Attorneys 3,900.00
Megan E Jackson Website Work 3,048.75
Murray Osorio Trust 3,000.00
North and Main Strategy LLC Strategic Planning 5,000.00
Olavarria Consulting, Ltd. Mexico City Prep and planning 22,562.50
Oliveri & Tammadge, LLC Office Lease 18,840.00
Payne Resilience Training and Consulting Team Resilience and resilience building 5,288.00
Sara Taber Team Resilience and resilience building 1,200.00
Scott Shuchart Legal Consulting 21,990.10
The Konterra Group Facilitation of an organizational assessment 48,250.00

Please itemize all expenses included under Other (Non-Personnel).



Management Staff
Human Resources Staff
Operations Staff
Financial Staff
Communications Staff
Advocacy Staff
Latin America Regional Team Staff
Program Assistants
Social Services Coordinators

3. Explain Any Variance

If your organization's reported corporate expenditures do not align with your organization's uploaded audit, please explain the variance.

VIII. Qualified Expenditures



Questions	Amount	Explanation
1. Total Corporate Expenditures from the previous fiscal year	\$23,660,741	
2. Did the corporation engage in activities other than the delivery of legal services?	\$838,356	Social Services
3. Did the corporation lease or sublease space to another organization?	\$53,668	Had extra office space and leased to two non-profit organizations.
4. With regards to leased or subleased space, did the organization incur property management expenses, whether as primary owner or lessor?	\$0	
5. Did you provide legal services in criminal matters?	\$0	
6. Did you charge clients for any legal services in civil matters, other than requiring payment for costs and expenses or processing fee of \$20 or less?	\$0	
7. Did you provide any free civil legal services to persons who were not indigent as defined in B & P Code Section 6213(d) and Eligibility Guidelines 2.3.3 and 2.3.4, or to organizations not providing benefits primarily on behalf of indigent?	\$0	
8. Did you provide free civil legal services outside California?	\$13,563,669	KIND is a national organization with offices in Baltimore Boston, Washington DC, Houston, Newark, New York, Seattle and Atlanta.
9. Did your organization incur expenses that did not contribute to the provision of civil legal services to indigent people and that were not itemized above?	\$0	
10. TOTAL EXPENDITURES FOR NON-QUALIFIED ACTIVITIES	\$14,455,693	
11. SUB-TOTAL OF QUALIFIED EXPENDITURES	\$9,205,048	

12. PERCENT OF QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS



Once you have completed and saved the Qualified Expenditures table above, click the “Save & Finish Later” button below to calculate this percentage.

38.90%

12.A. Less than 75% Explanation

If the percentage of expenditures for free civil legal services to indigent persons calculated above is less than 75 percent, explain how the organization meets the primary purpose requirement for funding (B&P §6213(a)).

KIND meets the primary purpose and function requirement to provide legal services without charge to indigent individuals because KIND's mission and primary purpose is to assert the children's rights and protection of unaccompanied immigrant children who migrate alone by providing free, high-quality legal services.

An “unaccompanied alien child” is a technical legal term defined by federal law under 6 USC 279(g)(2) as a child who at the point of encounter by the U.S. federal government at the border: 1) has no lawful immigration status in the United States, 2) has not attained 18 years of age, and 3) with respond to whom there is no parent or legal guardian in the United States, or no parent or legal guardian in the United States is available to provide care and physical custody. Unaccompanied children are minors without parent or guardians and unauthorized to work in the U.S. by definition at the point when they are given this legal determination. Unaccompanied children often migrate on dangerous journeys alone to the United States, fleeing abject poverty, violence, trauma, trafficking, sexual assault, death threats, and persecution. Due to the extreme trauma they may endure in their home country, in transit, upon apprehension and detention by the U.S. government, and release, many have medical and mental health concerns and disabilities, including developmental disabilities. Unaccompanied children from non-contiguous countries and those deemed to be at risk of being trafficked and persecuted from contiguous countries encountered at the border are apprehended and initially detained by the U.S. federal government. Many are then released to sponsors into the communities but receive limited to no coordinated services after release, and are expected to find and pay for immigration attorneys on their own. In general, immigrants—including unaccompanied children—facing deportation are not provided government-appointed counsel to represent them in adversarial proceedings in immigration court against a trained government attorney.

Unaccompanied children, despite their vulnerability, are neither guaranteed the same legal and social protections that exist in California child welfare and dependency systems nor due process protections that would be provided to them in parallel and similar adversarial juvenile proceedings. In that regard, unaccompanied children are similar to “indigent defendants” and juveniles who have been charged with unlawful entry into the United States, at risk of deportation back to unsafe conditions, and with insufficient resources to hire an attorney without suffering undue hardship.



When representing unaccompanied children, KIND typically intakes and seeks to enter a direct attorney-client relationship with the unaccompanied child defined under 6 USC 279(g)(2) directly. KIND does not charge for any services provided to unaccompanied children. Almost all unaccompanied children are considered indigent under Cal. B&P § 6213(d) and in need of free immigration services.

KIND's quality control measures includes primarily receiving referrals through the Vera network of providers who are federally funded to assist unaccompanied children and entering into attorney-client agreements with unaccompanied children that have documentation that they were determined unaccompanied children under 6 USC 279(g)(2) by the federal government. KIND also engages in income eligibility verification upon entering into attorney-client relationships for cases funded by the San Francisco Immigration Legal Defense Collaborative and Los Angeles Justice Fund. KIND also receives some limited funding for legal services through the State of California's Department of Social Services (CDSS), and is subject to their regular oversight and audits. The state of California, acknowledging the vulnerability of unaccompanied children and immigrants who are often precluded from civil legal services restrictions to serve undocumented individuals, has authorized CDSS: 1) under Cal. WIC 13300-13302 to award funding to provide qualified legal services for them as those defined under 6 USC 279(g)(2) as an unaccompanied alien child, and 2) under Cal. WIC 1330-13306 to award funding to qualified nonprofit organizations to provide services to Californian immigrants.

In California, KIND has also provided some limited representation of indigent adult immigrants and their children who were subject to family separation by the federal government, largely in response to the Zero Tolerance Policy immigration enforcement policy formally implemented by the federal government in May 2018. Children were taken away from their parents and guardians and essentially rendered unaccompanied by the government. Family separation informally continues to be implemented in other manners.

13. Exchanged Funds

Did the organization exchange funds with another legal services project that is applying for a State Bar grant?

No

14. TOTAL DEDUCTION OF EXCHANGED FUNDS

\$0

15. Shriver Funds

Enter funds received for a grant (or subgrant/subcontract) for a pilot project pursuant to the Sargent Shriver Civil Counsel Act of 2009.



\$0

16. TOTAL QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$9,205,048

Enter all IOLTA and EAF expenditures for 2019 in 17a and 17b, respectively. This should include any carry-over from 2018

Reference Button:

17.A. IOLTA Expenditures Net of Capital Additions (FISCAL YEAR)

\$0

17.B. EAF Expenditures Net of Capital Additions (FISCAL YEAR)

\$0

17.C. IOLTA AND EAF EXPENDITURES NET OF CAPITAL ADDITION EXPENDITURES (AUTO-CALCULATED)

\$0

18. GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$9,205,048

19. Upload Any Additional Expenditure Documents

Include any additional documents regarding the information entered in this form.

VIII-A. Expenditures by County



GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$9,205,048

1. Allocation of Expenditures for Each County

If you provide free civil legal services to indigent persons in more than one county, describe the basis for your by county allocation of expenses and how it relates to the services in each county. Include any calculations or relevant data to support your explanation.

Although KIND does not have an official method for tracking and reporting county expenditures, KIND does track clients by county, and can therefore calculate an amount for expenditures per county based on numbers of clients per county.

2. New or Discontinued Counties

If applicant is seeking 2021 IOLTA and EAF funds to serve any counties that differ from the counties for which applicant is currently receiving 2020 IOLTA and EAF funds, provide information on new and/or discontinued counties. See application instructions for additional details. Enter N/A if not applicable.

3. Out of County Work

Describe any work in county(ies) other than those detailed in the questions above. Include name of county(ies), nature of work, start and/or end date, approximate county expenditures, and any other relevant information.

Expenditures by County

Previous Fiscal Year Quarterly Reports:

In the tables below, indicate the amount of total expenditures for free civil legal services to indigent persons in California for each county.

The total amount of the "Qualified Expenditures" column should equal the amount that appears at the top of this form. IOLTA and EAF expenditures should match Quarterly Report submissions for your fiscal year ending in 2019, including any carry-over from 2018. Reference the "View" button located above this instruction box to view your Quarterly Report submissions for your fiscal year ending in 2019.



Click "Save" within the table, then "Save & Finish Later" to update county tables.

Update Form II if the appropriate counties are not appearing.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If submitting the application without a final audit or financial review, the applicant should complete all sections of Form VIII-A using reasonable estimates. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.

Alameda

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$221,165	\$0	\$0	\$221,165

Contra Costa

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$160,154	\$0	\$0	\$160,154

Fresno

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$785,518	\$0	\$0	\$785,518

Kern

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$152,528	\$0	\$0	\$152,528

Kings

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$22,879	\$0	\$0	\$22,879

Los Angeles



County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$5,323,217	\$0	\$0	\$5,323,217

Madera

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$114,396	\$0	\$0	\$114,396

Merced

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$68,637	\$0	\$0	\$68,637

Orange

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$289,803	\$0	\$0	\$289,803

Placer

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$7,626	\$0	\$0	\$7,626

Riverside

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$373,693	\$0	\$0	\$373,693

Sacramento

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$61,011	\$0	\$0	\$61,011

San Bernardino



County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$68,637	\$0	\$0	\$68,637

San Francisco

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$556,726	\$0	\$0	\$556,726

San Joaquin

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$388,946	\$0	\$0	\$388,946

Santa Barbara

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$15,253	\$0	\$0	\$15,253

Solano

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$76,264	\$0	\$0	\$76,264

Stanislaus

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$343,187	\$0	\$0	\$343,187

Tulare

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$99,143	\$0	\$0	\$99,143

Ventura



County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$22,879	\$0	\$0	\$22,879

Yolo

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$30,506	\$0	\$0	\$30,506

Yuba

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$22,879	\$0	\$0	\$22,879

County Totals

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
9205047	0	0	9205047

IX. Certifications & Assurances

**Upload Signed
Certifications &
Assurances Document:**

KIND_IOLTA_LSP_CA_Form.pdf
509.1 KB - 07/30/2020 1:32PM

Total Files: 1

Supporting Documents (Optional)

When naming optional supporting documents, please include the Organization's acronym (or short name) and a 1-5 word description of the file.

**KIDS IN NEED OF DEFENSE (KIND)
2021 ELIGIBILITY REVIEW CONFERENCE
AUGUST 4, 2020**

Excerpts From Governing Authorities

California Business & Professions Code §6210

The Legislature finds that, due to insufficient funding, existing programs providing free legal services in civil matters to indigent persons, especially underserved client groups, such as the elderly, the disabled, juveniles, and non-English-speaking persons, do not adequately meet the needs of these persons. It is the purpose of this article to expand the availability and improve the quality of existing free legal services in civil matters to indigent persons, and to initiate new programs that will provide services to them. The Legislature finds that the use of funds collected by the State Bar pursuant to this article for these purposes is in the public interest, is a proper use of the funds, and is consistent with essential public and governmental purposes in the judicial branch of government. The Legislature further finds that the expansion, improvement, and initiation of legal services to indigent persons will aid in the advancement of the science of jurisprudence and the improvement of the administration of justice.

California Business & Professions Code §6213

As used in this article:

(a) “Qualified legal services project” means either of the following:

- (1) A nonprofit project incorporated and operated exclusively in California that provides as its primary purpose and function legal services without charge to indigent persons and that has quality control procedures approved by the State Bar of California.

[subsections (a)(2), (b) and (c) omitted]

(d) “Indigent person” means a person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free services under the Older Americans Act or Developmentally Disabled Assistance Act. With regard to a project that provides free services of attorneys in private practice without compensation, “indigent person” also means a person whose income is 75 percent or less of the maximum levels of income for lower income households as defined in Section 50079.5 of the Health and Safety Code. For the purpose of this subdivision, the income of a person who is disabled shall be determined after deducting the costs of medical and other disability-related special expenses.

[subsections (e) through (k) omitted]

California Business & Professions Code § 6216

The State Bar shall distribute all moneys received under the program established by this article for the provision of civil legal services to indigent persons. The funds first shall be distributed 18 months from the effective date of this article, or upon such a date, as shall be determined by the State Bar, that adequate funds are available to initiate the program. Thereafter, the funds shall be distributed on an annual basis. All distributions of funds shall be made in the following order and in the following manner:

(a) To pay the actual administrative costs of the program, including any costs incurred after the adoption of this article and a reasonable reserve therefor.

(b) Eighty-five percent of the funds remaining after payment of administrative costs allocated pursuant to this article shall be distributed to qualified legal services projects. Distribution shall be by a pro rata county-by-county formula based upon the number of persons whose income is 125 percent or less of the current poverty threshold per county. For the purposes of this section, the source of data identifying the number of persons per county shall be the latest available figures from the United States Department of Commerce, Bureau of the Census. Projects from more than one county may pool their funds to operate a joint, multicounty legal services project serving each of their respective counties.

(1) (A) In any county which is served by more than one qualified legal services project, the State Bar shall distribute funds for the county to those projects which apply on a pro rata basis, based upon the amount of their total budget expended in the prior year for legal services in that county as compared to the total expended in the prior year for legal services by all qualified legal services projects applying therefor in the county. In determining the amount of funds to be allocated to a qualified legal services project specified in paragraph (2) of subdivision (a) of Section 6213, the State Bar shall recognize only expenditures attributable to the representation of indigent persons as constituting the budget of the program.

(B) The State Bar shall reserve 10 percent of the funds allocated to the county for distribution to programs meeting the standards of subparagraph (A) of paragraph (3) and paragraphs (1) and (2) of subdivision (b) of Section 6214 and which perform the services described in subparagraph (A) of paragraph (3) of Section 6214 as their principal means of delivering legal services. The State Bar shall distribute the funds for that county to those programs which apply on a pro rata basis, based upon the amount of their total budget expended for free legal services in that county as compared to the total expended for free legal services by all programs meeting the standards of subparagraph (A) of paragraph (3) and paragraphs (1) and (2) of subdivision (b) of Section 6214 in that county. The State Bar shall distribute any funds for which no program has qualified pursuant hereto, in accordance with the provisions of subparagraph (A) of paragraph (1) of this subdivision.

(2) In any county in which there is no qualified legal services projects providing services, the State Bar shall reserve for the remainder of the fiscal year for distribution the pro rata share of funds as provided for by this article. Upon application of a qualified legal services project proposing to provide legal services to the indigent of the county, the State Bar shall distribute the funds to the project. Any funds not so distributed shall be added to the funds to be distributed the following year.

[subsection (c) omitted]

State Bar Rule 3.670 Operation in California by qualified entities

- (A) A qualified legal services project is required by statute to be a nonprofit corporation operating exclusively in California or a program operated exclusively 1 Business & Professions Code § 6213(d). 2 of 9 in California by a nonprofit law school accredited by the State Bar.2 A qualified legal services project that is a California nonprofit corporation with operations outside California may be considered as meeting the statutory requirement if it otherwise meets Trust Fund Requirements and expends Trust Fund Program grant funds only in California.

[subsection (B) omitted]

State Bar Rule 3.671: Primary purpose and function

- (A) A qualified legal services project is required by statute to have as its primary purpose and function providing legal services without charge to indigent persons. A qualified legal services project applying for Trust Fund Program funds is presumed to have such a purpose and function if 75% or more of the budget for the fiscal year for which it is seeking funds is designated to provide free legal services to indigents, and 75% or more of its expenditures for the most recent reporting year were incurred for such services. The calculation of 75% of expenditures may include a reasonable share of administrative and overhead expenses.

[subsection (B) omitted]

- (C) A qualified legal services project or qualified support center that does not meet the 75% test may nevertheless apply, provided that the applicant can satisfactorily demonstrate that it meets the primary purpose and function requirement by other means.

State Bar Rule 3.672: Delivery of legal services

- (A) “Legal services” include all professional services provided by a licensee of the State Bar and similar or complementary services of a law student or paralegal under the supervision and control of a licensee of the State Bar in accordance with law.

[subsection (B) omitted]

State Bar Rule 3.680 Application for Trust Fund Program grants

To be considered for a Trust Fund Program grant, a qualified legal services project or qualified support center seeking a Trust Fund Program grant must submit a timely and complete

application for funding in the manner prescribed by the Commission. The applicant must agree to use any grant in accordance with grant terms and legal requirements.

(A) A qualified legal services project must meet statutory criteria.

[subsections (B) through (D) omitted]

(E) An application must include

- (1) an audited financial statement by an independent certified public accountant for the fiscal year that concluded during the prior calendar year. A financial review in lieu of an audited financial statement may be submitted by an applicant whose gross corporate expenditures were less than the amount specified in the Schedule of Charges and Deadlines;

[subsections (E)(2) through (E)(4) omitted]

Eligibility Guidelines for Legal Services Projects 1.4

If the Commission or staff requests any further information relating to an applicant's eligibility, or related to the amount of the allocation under the Legal Services Trust Fund Program, the applicant must supply that information. However, the Commission is not required to notify applicants if their initial application fails to include information sufficient to demonstrate eligibility. Failure to provide information necessary to the Commission's decisions on eligibility or eligible expenditures (or failure to supply requested information relevant to those decisions) will be grounds for denial of eligibility, or for refusal to recognize part of the applicant's expenditures within the allocation formula.

Eligibility Guidelines for Legal Services Projects 2.1

2.1 The applicant must be a California nonprofit corporation

Commentary:

In order to demonstrate your status as a California corporation, copies of the Articles of Incorporation certified by the California Secretary of State and a current Certificate of Status from the California Secretary of State showing that the corporation is in good legal standing must be filed with the Legal Services Trust Fund Program. To demonstrate your nonprofit status, copies of (1) the determination letter from the Internal Revenue Service granting your application for exemption from the appropriate provisions of subchapter (f) of Chapter 1 of the Internal Revenue Code of 1954, as amended and (2) the determination letter from the State Franchise Tax Board granting your application for exemption from the appropriate section of the California Revenue and Taxation Code must be filed with the Legal Services Trust Fund Program. If you have not received such determination letter(s), attach 5 copy(ies) of your application(s) for exemption, together with an explanation of its/their status. [B&P Code §6213(a)(1); Rules 3.670(A), 3.680(A)]

[para.2 omitted]

Eligibility Guidelines for Legal Services Projects 2.3

2.3 The application must demonstrate through objective information that the organization:

Commentary:

Objective information must be provided to assure that you meet the definitional provisions of Guideline 2.3. Such information must describe the organization specifically and factually, using quantitative information where needed, to demonstrate that it meets each of the requirements of Guidelines 2.3.1-2.3.5. [B&P Code §6213(a); Rules 3.670(A), 3.671(A), 3.680(E)(2)]

Quantitative information that may demonstrate how that organization's services meet the requirements includes the following: numbers of clients who were served during the previous year; hours of time spent on different kinds of services, or on services to different clients in the previous year; accounting records for expenses incurred in providing different kinds of services or services to different clients during the previous year.

If you rely on estimates to demonstrate that you have met these requirements, you must demonstrate that the estimates were derived by a method that is reasonably related to the actual expenditure of funds, and explain the basis of the estimates

Eligibility Guidelines for Legal Services Projects 2.3.1

2.3.1. provides civil legal services

Commentary:

You must provide legal services within the definition of Rule 3.672(A). That rule provides that “legal services include all professional services provided by a member of the State Bar, and similar or complementary services of a law student or a paralegal under the supervision and control of a member of the State Bar in accordance with law.” If your organization provides services in addition to legal services, your application must describe those other activities, identify the percentage of the overall services provided that are not legal services, and state the basis by which you computed that percentage. [Rule 3.671(A)]

Eligibility Guidelines for Legal Services Projects, Guideline 2.3.2

2.3.2. without charge

Commentary:

Payments by clients for costs and expenses or a processing fee of \$20 or less shall not be considered a “charge” for legal services, so long as the processing fee is administered so that it does not prevent indigent persons from receiving services. If you charge a processing fee, you must establish procedures for waiving the fee for all clients who cannot afford it. You must inform prospective clients of the availability of a waiver at the same time and in the same manner that they are informed of the fee, and in a language the client can understand.

If you charge a processing fee, your application must include information about established procedures for waiving the fee for clients who cannot afford it. The maximum of \$10 per processing fee will be regarded as a qualified expenditure.

If you charge some clients amounts in excess of costs, your application must state the percentage of your work in which such charges are made, and the basis for computing that percentage.

If attorneys’ fees are generated through court awards, such fees must be used to provide further civil legal services without charge to indigent persons. [Rule 3.673(B)]

“Costs and expenses” include any out-of-pocket expenses incurred by the organization (or by pro bono attorneys recruited by the organization), including recoverable costs of litigation, copying charges, telephone charges, postage charges, and other out-of-pocket expenses normally charged to clients by attorneys in private practice. An applicant may be considered as providing legal services without charge within the meaning of Guideline 2.3.2 in spite of charges to clients for such items. [Rule 3.673(B)]

Eligibility Guidelines for Legal Services Projects, Guideline 2.3.4

2.3.4. who are indigent

Commentary:

An indigent person is defined by the Business and Professions Code §§6213(d), 6213(g), 6213(h), and 6213(i) as follows: “Indigent person means a person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free services under the Older Americans Act or Developmentally Disabled Assistance Act. With regard to a project which provides free services of attorneys in private practice without compensation, indigent person also means a person whose income is 75 percent or less of the maximum levels of income for lower income households as defined in §50079.5 of the Health and Safety Code. For the purpose of this subdivision, the income of a person who is disabled shall be determined after deducting the costs of medical and other disability-related special expenses.”

Your application must state the percentage of your organization’s services that were provided during the previous calendar year to clients who did not fall within this definition. You must adopt written financial eligibility guidelines. If your eligibility criteria includes persons who are not indigent within the definition of §6213(d) above, explain how you determined the percentage of clients served that falls outside the definition. If you did not have written financial eligibility guidelines in the prior year, your application must explain the basis of your computation of percentage and supply objective support for the computation. [B&P Code §§6213(d) and 6218]

If you provide legal services for the benefit of a group or class of persons beyond the specific individuals or organizations who are your clients, you may consider the services as “legal services provided to indigent persons” only if the legal matter is primarily for the benefit of indigent persons.

In determining whether a legal matter is primarily for the benefit of indigent persons, the Commission may consider the following factors and any others that aid in making that determination: (1) the forum in which the matter is being pursued, e.g., courts, administrative agency, legislature, etc.; (2) whether named clients are indigent persons or qualifying organizations (under Commentary 2.3.3 above); (3) in the case of a class action, the definition of the class contained in the complaint and proposed or actual class certification orders; (4) a description of the group of individuals that would benefit from a favorable resolution of the legal matter; (5) whether a majority of those who would benefit are indigent persons; (6) the relation of the legal issues raised by the matter to the needs of indigent persons; and (7) whether indigent persons are disproportionately impacted by the legal issues raised by the matter.

If legal services for the benefit of a group or class of persons beyond the specific individuals or organizations who are your clients constitute more than ten percent of your legal services, your application must identify the ten such legal matters on which you expended the largest amount

of funds in the prior calendar year. For each of the matters so identified in your application, describe who would benefit from the services, state whether the matter is primarily for the benefit of indigent persons and, if so, explain the reasons you reached that conclusion. For any such matter that is primarily for the benefit of indigent persons, your description should include the information listed as items (1) through (7) in the preceding paragraph; you must quantify the percentage of your clients who are indigent persons (or organizations qualifying under Commentary 2.3.3 above) and the percentage of the persons who would benefit from the services who are indigent persons. Explain the basis of this information. You need not disclose information protected by the attorney-client privilege.

If some portion of your legal services are for the benefit of a group or class of persons beyond your specific clients and are not primarily for the benefit of indigent persons, identify the percentage of overall services provided in such matters and explain the basis of your computation.

Eligibility Guidelines for Legal Services Projects 2.3.5

2.3.5. as the primary purpose and function of the corporation.

Commentary:

Your application must state the net percentage of the corporation's overall expenses that were incurred in the previous calendar year to provide civil legal services without charge to persons who are indigent. You are required to demonstrate the corporation's primary purpose, and not simply the primary purpose of a part of the corporation. (If your project is operated by a law school, see the last section of this Commentary on Guideline 2.3.5.) If more than 75 percent of the corporation's expenditure budget for the fiscal year for which it is seeking an allocation is designated for the provision of civil legal services without charge to persons who are indigent, and if 75 percent of its expenditures for the most recent reporting year were incurred for such legal services, the corporation will be presumed to meet the primary purpose and function test. In demonstrating your compliance with this 75 percent test, you cannot include the value of donated services. [Rule 3.671(A)]

An applicant not qualifying for the 75 percent presumption may nevertheless apply for an allocation, demonstrating its purpose and function by other means. An applicant not qualifying for the presumption shall state separately each purpose and function of the corporation, and state what percentage of the expenditures in the most recent calendar year, and what percentage of the budget in the upcoming year, are allocated to each of these separate purposes and functions. The application shall further state the basis for these allocations. [Rule 3.671(C)]

In addition to this submission of expenditure and of budget information, primary purpose and function can be additionally supported by historic expenditure information, by the organization's stated purpose in articles, bylaws or policy statements or case priority guidelines, or by the demonstrated track record of the applicant in providing legal services without charge to indigent persons.

An applicant that operated in previous years as a project within an organization providing substantial services other than legal services to indigent persons, or as an entity other than a corporation, but which has since become a separate California nonprofit corporation whose primary purpose and function is the provision of legal services without charge to indigent persons, may establish its status as a qualified legal services project and its proportionate entitlement to funds based upon financial statements which strictly segregate that portion of the organization's expenditures in prior years which were devoted to civil legal services for indigents. Thus, if you are recently incorporated and previously operated as a part of an umbrella organization, you may utilize the expenditures of your predecessor organization so long as financial statements strictly segregate the expenditures for such legal services.

If your legal services program is operated by an accredited nonprofit law school, you are required only to demonstrate the program's primary purpose, and not the corporation's primary purpose. Your program must be operated exclusively in California and the law school must be accredited by the State Bar of California. The program must have operated for at least two years at a cost of at least \$20,000 per year, as an identifiable law school unit with the primary purpose and function of providing civil legal services without charge to indigent persons. The program may meet the primary purpose test according to the 75 percent test described above or by demonstrating its purpose and function through other means described above. [B&P Code §6213(a)(2)]

Eligibility Guidelines for Legal Services Projects 2.7

2.7 The application must include a financial statement that includes the total expenditures of the applicant. The financial statement must meet the requirements of Guideline 2.7.1 below.

Eligibility Guidelines for Legal Services Projects 2.7.1

2.7.1. The statement must show expenditures for the completed fiscal year ended most recently before the application deadline, and must be audited or reviewed by an independent certified public accountant. A financial review, in lieu of an audited financial statement, may be submitted by an applicant whose gross corporate expenditures were less than the amount specified in the Schedule of Charges and Deadlines. Applicants must submit a financial statement no later than 90 days after the end of their fiscal year. The required financial statement must be received prior to the disbursement of any funds from the Legal Services Trust Fund Program.

Commentary:

Independent CPA-audited or reviewed statements are required of organizations with gross expenditures of less than \$500,000. Organizations with gross 13 expenditures in excess of \$500,000 must submit audited statements. If such a statement is unavailable at the time of the application, you may substitute an approximated financial statement, but you must submit an audited or reviewed statement no more than 90 days after the end of their fiscal year. [B&P Code §6222; Rule 3.680(E)(1); Schedule of Charges and Deadlines]

Eligibility Guidelines for Legal Services Projects 2.7.2

2.7.2. The financial statement need not distinguish between legal services without charge to persons who are indigent (within the definition of Guideline 2.3.4 above) and other services performed by the project. However, if an applicant does provide other services, the application must include the approximated information requested on the expenditure form(s) identifying expenses incurred providing any of the following services: legal services/other activities, civil/criminal, free/charged, indigent/non-indigent clients, in-state/out-of-state expenditures.

Commentary:

The amount of your grant will be based in part on the amount of your expenditures in your previous fiscal year for civil legal services without charge to indigent persons. See Guidelines 2.3.1 through 2.3.4 for the definitions the Commission will use to determine the portion of your expenditures that are qualified to be counted in determining your grant allocation. [B&P Code §6216(b)]

Records that may be used to demonstrate the portion of the organization's expenses that qualify to be counted in determining the grant allocation include the following: records of the numbers of clients served during the previous year; records reflecting time spent on different kinds of services or on services to indigent/non-indigent clients in the previous year; accounting records reflecting expenses incurred providing different kinds of services or on services to indigent/non-indigent clients during the previous year.

If you rely on estimates to establish the amount of your qualified expenditures, you must make the estimates by a method that is reasonably related to the actual expenditure of funds and explain the basis of the estimates.



The State Bar *of California*

DATE: August 6, 2020

TO: Members, LSTFC Eligibility and Budget Review Committee

FROM: Louise Bayles-Fightmaster, Eric Isken, and James Meeker

SUBJECT: Social Justice Collaborative: Eligibility Review Conference for 2021 IOLTA and EAF Funding

EXECUTIVE SUMMARY

Social Justice Collaborative (SJC) is a new applicant for funding as a Qualified Legal Services Project (QLSP). The organization began operation in 2012 and was incorporated in California that same year. They provide removal (deportation) defense, represent unaccompanied minors, and pursue appellate litigation opportunities on behalf of low-income immigrants in Northern and Central California.

This working group held an Eligibility Review Conference (ERC) with SCJ on July 31. In attendance from SCJ was Gautam Jagannath, Executive Director, and Emily Abraham, Legal Director. The Eligibility and Budget Review Committee's working group included Louise Bayles-Fightmaster, Eric Isken, and James Meeker, as well as staff members Christine Holmes, Erica Carroll, Brady Dewar, and Doan Nguyen.

The issues addressed at the ERC included:

- Whether SCJ's primary purpose is the provision of legal services to indigent persons without charge, including questions regarding:
 - Whether SJC offers services other than "legal services" as defined by the IOLTA statute and the Rules of the State Bar and if so, whether the expenses for these services were properly deducted from qualified expenditures; and
 - If SJC has an appropriate methodology for calculating its qualified expenditures and whether that methodology has been correctly applied in its application.

Based on additional information provided by SCJ at the ERC, this working group recommends SJC be found eligible for IOLTA and EAF funding in 2021.

BACKGROUND

Organizational Description

Social Justice Collaborative (SJC) is a new applicant for IOLTA and EAF formula funding as a QLSP. The organization's "vision is that all immigrants who cannot afford private attorneys in deportation proceedings will have access to high quality legal representation." Working toward that vision, SJC has five programs:

1. Unaccompanied Minor Defense;
2. Deportation Defense;
3. Appellate Litigation;
4. Fostering Stability; and
5. Pro Bono.

SJC's application identifies a staff of three attorneys and four paralegals, seven administrative staff (two of whom are part-time), an office manager, plus undergraduate interns and federal work study students. SJC also reports 810 hours of services volunteered by attorneys and law students.

SJC is headquartered in Berkeley and seeks allocations in five counties as determined by where the largest percentages of their clients are physically located. It has reported total corporate expenditures of \$1,211,882 and qualified expenditures of \$727,409; based on these reported figures, 60.02 percent of SJC's total expenses are for the provision of free civil legal services to indigent persons.

Governing Authorities

- Business & Professions Code sections 6210 (Preamble to IOLTA Statutes), 6213(a)(1) ("primary purpose"), 6214(b) (eligibility criteria for legal services projects), 6216(b)(1)(A) (allocation calculation methodology), and 6218(a) (requiring grants to be used for legal services)
- State Bar Rules 3.671(A) and (C) ("primary purpose") and 3.672(A) ("legal services")
- Legal Services Trust Fund Program Guidelines – Legal Services (Guidelines) at Guidelines 2.3.1 ("civil legal services"), 2.3.2 ("without charge"), and 2.3.5 ("primary purpose")

DISCUSSION

IOLTA grants are intended to improve access to civil legal services for indigent people, as stated in the preamble to the IOLTA statute¹. IOLTA and EAF formula grants must be used to provide civil legal services. To be found eligible for these grants, SJC must have the primary purpose and function of providing civil legal services without charge to indigent persons.² It must also have a complete and accurate application to allow staff to confirm that it meets threshold requirements for a legal services project and calculate the correct allocation amount by county.

¹ Business & Professions Code § 6210 (all statutory references hereafter will be to this statute).

² Business & Professions Code §§ 6213(a)(1); Guidelines 2.3.1 – 2.3.5; *see also* Business & Professions Code § 6213(d) (definition of indigent person).

A. Primary Purpose

To be considered a QLSP, SJC must provide “as its primary purpose and function legal services without charge to indigent persons.”³ To determine primary purpose, the IOLTA and EAF application instructs the applicant to separate out its expenditures devoted to providing such free legal services to indigent persons in the prior fiscal year; these are called “qualified expenditures,” and that amount is then calculated as a percentage of the organization’s total corporate expenditures.⁴

If the applicant organization’s qualified expenditures constitute 75 percent or more of its corporate expenditures, the organization is presumed to meet the primary purpose requirement.⁵ If qualified expenditures are less than 75 percent of corporate expenditures, an applicant must provide a narrative response to be reviewed by the Eligibility and Budget Review Committee.⁶ Historically, the Committee has found that organizations with qualified expenditures between 50 and 75 meet the primary purpose requirement.

A number of issues impact what an organization may or may not count as a qualified expenditure for purposes of eligibility for IOLTA and EAF funding. This includes whether the services are fee-generating, to non-indigent persons, and/or do not qualify as “civil legal services.” Applicants are not prohibited from charging for services, serving non-indigent persons, or providing services other than legal services, but they must make appropriate deductions to ensure that only qualified expenditures count in the calculation of their grant allocations.

1. Deducting Expenses for Services for Which Clients are Charged

The IOLTA and EAF application asks several questions to prompt applicants to make appropriate deductions from their qualified expenditures. One deduction involves charging for services. Applicants that charge clients in excess of certain specified costs⁷, must deduct the expenses related to that work and must provide a reasonable methodology for calculating that expense.

SJC initially deducted \$562,908 as expenses for deportation defense legal services it provided to clients for a fee of 20 percent or less of the market rate. SJC did not clearly indicate in the application the percentage of their work this amount represents. In SJC’s audit, this amount was reported as “program service revenue.” SJC confirmed prior to the ERC that these

³ Business & Professions Code § 6213(a)(1).

⁴ The organization’s grant award is also calculated based on the amount of qualified expenditures, not the total corporate expenditures.

⁵ State Bar Rule 3.671(A).

⁶ State Bar Rule 3.671(C).

⁷ Guidelines 2.3.2 (“Costs and expenses” include any out-of-pocket expenses incurred by the organization (or by pro bono attorneys recruited by the organization), including recoverable costs of litigation, copying charges, telephone charges, postage charges, and other out-of-pocket expenses normally charged to clients by attorneys in private practice. An applicant may be considered as providing legal services without charge within the meaning of Guideline 2.3.2 in spite of charges to clients for such items. [Rule 3.673(B)].”)

deductions represented revenue received from clients, rather than expenses for these services. SJC revised their deductions to reflect expenses for the legal services it provided to these fee-paying clients (including the share of staff time dedicated to these services). The revised deduction decreased to \$484,073. In turn, SJC's total qualified expenditures increased from slightly over 53 percent to slightly over 60 percent.

During the ERC, SJC explained its methodology for calculating this deduction. It was calculated based on the average staff time and estimated expenses for SJC's nine most common types of legal cases. SJC estimated the total hourly commitment of all staff roles involved in a case to determine an estimated cost per case. This number was then compared to the total number of cases in 2019 and the total number of cases provided at no charge to clients in 2019. SJC estimated 30.94 percent of expenses were for cases where the clients were charged. This percentage was applied to SJC's total expenditures to approximate the total non-qualifying expenditures. The working group accepted this methodology and calculation as reasonable.

2. Deducting Services Provided to Non-Indigent Persons

SJC reports its mission is to help "low-income" immigrants, and confirmed during the ERC that the majority of its clients fall within the federal poverty guidelines. To determine income eligibility, SJC tracks client income, unemployment information, dependency status, number of dependents, and family employment.

SJC currently receives funding from the California Department of Social Services (CDSS) for the provision of free legal services. In the application, SJC did not indicate if the income eligibility for CDSS funding is the same as IOLTA/EAF funding. During the ERC, SJC clarified that it uses the Poverty Guidelines for Affidavit of Support (HHS Guidelines) published by the Federal Department of Health and Human Services for the 48 contiguous states, the District of Columbia, and U.S. territories.⁸ As part of its intake, SJC screens all potential clients for income eligibility. They require all clients report their family income to determine indigency based on the HHS guidelines. These guidelines are aligned with the IOLTA statute and the intake process is appropriate.

As indicated above, the application includes several questions related to necessary deductions from qualified expenditures. One question focuses on expenses for services provided to non-indigent persons. SJC did not make any deductions in response.

SJC explained during the ERC that anyone who does not meet the income eligibility threshold is charged for services.⁹ Deductions for the expenditures for the services that are charged were already made in the application, therefore, no additional deductions were necessary.

⁸ <https://www.uscis.gov/i-864p>

⁹ SJC also explained that, due to restrictions in its current funding sources, it does not receive funding for services provided to certain categories of indigent persons, and must therefore charge them. If SJC receives IOLTA and EAF formula funding, it intends to use the grant funds to provide such services to indigent persons at no charge. Thus, SJC expects its proportion of qualified expenditures to rise in the future.

3. Deducting Non-Qualified Legal Services

One question in the application prompts applicants to deduct expenses for non-qualifying legal services regardless of the client's indigency. SJC's website states that it "strives to provide holistic representation by ensuring that all clients have access to mental health support and other wrap-around services." In the application, SJC indicates that it engages in non-legal services activities including professional services and wrap-around service clinics like food stamp clinics in partnership with Alameda County Food Bank and mental health referrals. However, SJC did not deduct expenses for these activities. Instead, it noted in the application that all non-legal services are "provided by third-party organizations and government entities." When staff inquired about these activities, SJC revised its application to indicate it does not have expenses for these activities because they are provided to SJC clients off-site by providers who are not affiliated with SJC.

During the ERC, SJC further explained that it refers its clients to organizations for assistance in meeting their non-legal needs. SJC noted that while they do not directly provide these services, they are important for their clients and often positively impact their legal case.

Similarly, there was a question about whether all services provided through SJC's Fostering Stability program are clearly legal in nature. This program includes obtaining work authorization for clients, representing clients in obtaining "green cards" or permanent residency status, and helping clients with asylee family petitions¹⁰. SJC explained during the ERC that these services directly impact their clients' immigration cases, and the working group thought it reasonable for SJC to count these expenditures as qualifying.

B. Working Group Recommendation

The working group asked SJC to explain its methodology for deductions made for services to clients who were charged. SJC revised its application to include its methodology and uploaded a spreadsheet with its calculations on August 3. The methodology and calculation were deemed reasonable by staff and the working group.

In addition, the working group was encouraged by SJC's plan, as explained in more detail in Footnote 9, for using 2021 IOLTA and EAF funding to expand the scope of free legal services it can provide which should result in an increase in the percent of its qualified expenditures. The working group is hopeful that SJC will be closer to or clear the 75 percent primary purpose presumption for the next grant cycle.

Furthermore, the working group was satisfied with SJC's clarification regarding its calculations for qualified expenditures and explanation regarding non-legal services. The working group found that SJC meets the primary purpose requirement and recommends that it be found eligible for 2021 IOLTA and EAF funding.

¹⁰ This information was taken from SJC's website, rather than the application (<https://www.socialjusticecollaborative.org/fostering-stability>).

C. Next Steps

The Eligibility and Budget Review Committee will review this recommendation at its August 14 meeting and, in turn, make a recommendation to the LSTFC regarding SJC's eligibility for 2021 funding. The LSTFC will then make a final determination of SJC's eligibility at its August 14 meeting.

ATTACHMENTS LIST

- A.** Excerpts from Governing Authorities: Business & Professions Code; State Bar Rules; Eligibility Guidelines



Grant Year: 2021

Due Date: June 15, 2020 at 5:00pm PST

Prepared by: Emily Abraham

Email: emily@socialjusticecollaborative.org

Contact Phone: 510-992-3964

Funding Opportunity: IOLTA LSP

Project Title: 3520-IOLTA LSP-2021-Social Justice Collaborative-

Program Name: Social Justice Collaborative

Applicant Title: Attorney/Legal Director

Address: 1832 2nd Street

City: Berkeley

Update Organization Profile

Confirm the organization's record is up to date. To access the Organization Profile, click on the "Review Organization Profile" button to open it in a new page. Review the Organization Profile, including the "Main," "Organization Details," and "Documents" tabs; make any necessary updates, and click Save.

Confirm that the designated Primary and Secondary Contacts are correct. For reference, identified responsible staff are listed below. The "Executive Contact" should be the Executive Director (or Clinic Director for law schools) and should have the authority to sign grant agreements with the State Bar. "Executive Contact" and "Primary Contact" are used interchangeably. Secondary Contacts for an organization will receive the same email communications as the Executive/Primary Contact.

For contact updates in the Organization Profile, contact the organization's SmartSimple User Administrator, identified under roles in the contact tab. Refer to the SmartSimple Managing Contacts user guide posted on the homepage under the "Key Documents & Authorities" section for more information on how to update contact information.

Executive Contact: Gautam Jagannath

Secondary Contact(s): Emily Abraham,

I verify the information in the Organization Profile is accurate and up to date.

I verify that I have read, and am familiar with, the eligibility guidelines for IOLTA funding for legal services projects.



I. Eligibility Criteria

1. New or Currently Funded Applicant

Initial Funding or Returning Applicant not Currently Funded as a Legal Services Project

2. Applicant Type

A nonprofit corporation that provides civil legal services to the indigent without charge as its primary purpose and function

Upload a letter of support from the law school dean describing the history of the law school clinical program.

3. Applicant Eligibility

Select all that apply

Upload an LSC grant award letter or a subcontract showing the amount of LSC funds awarded through another agency.

Upload a contract, determination letter, or subcontract indicating the amount of Older Americans Act funds awarded.

An organization that receives at least \$20,000 annual cash funds from sources other than the State Bar of California to support free legal representation to indigent persons (as reflected in the Total of Non-State Bar Revenue calculated on Form VI) and can show community support for the program

3.A. Community Support

Describe the community support for the operation of a viable, ongoing program.



In FY 2019, SJC received \$1,232,873 in private foundation, federal and state grants, and donations both actual and in-kind as community in support of the provision of services to indigent immigrants.

3.B. Which of the following services does your organization provide?

Provides legal representation, training, or technical assistance on matters concerning indigent special client groups, or substantive law important to special client groups

Special Client Group(s) Served

Nature of Assistance

Special Client Group Served/ Relevant Substantive Law

Legal Representation

Training

Technical Assistance

Immigrants

Yes

No

No

Children

Yes

No

No

Survivors of Violence

Yes

No

No

II. Description of Organization

Provide a comprehensive but concise description of the entire organization's work in the previous calendar year. Currently funded organizations should not limit responses to activities funded by the State Bar.

Click "Save & Finish Later" after adding counties.

County

Alameda

Stanislaus

Marin

San Joaquin

Contra Costa



1. Organization's Mission and Vision

Social Justice Collaborative provides high quality full-scope immigration deportation defense legal services to low-income immigrants in Northern and Central California. SJC believes in promoting an inclusive society through defense of our most vulnerable members of society. SJC's vision is that all immigrants who cannot afford private attorneys in deportation proceedings will have access to high quality legal representation.

2. Core Programs

Describe the organization's core programs as reflected in promotional materials (include a summary of all work, not just activities funded by State Bar monies).

SJC's main programs are: Removal (Deportation) Defense, Unaccompanied Minor Defense, Appellate Litigation, and the Pro Bono Program.

3. Client Population

Describe the constituencies served by the organization. Include demographic information, such as age, gender, ethnicity, income levels, and any other characteristics particular to the service population.

SJC's clients are non-citizens who largely come from Guatemala (60%), El Salvador (13%), Honduras (5%), and Mexico (13%). The majority of SJC clients are between the ages of 19-25 (49%), and 35-50 (25%), and under 18 (21%). SJC's clients do not speak English, or speak English as a second language, but speak Spanish. 51% of SJC clients speak Spanish as their primary language, and 37% of SJC clients speak Mam, a Mayan language from Guatemala. 4% of SJC clients speak a variety of other Mayan languages, including K'iche, Pop'ti, and Katchiquel among others. SJC's clients are fairly equal between male (46%) and female (53%), which 1% not reporting or transgender.

4. Income Eligibility for Services

Describe how the organization verifies and documents an individual's income eligibility for services. Identify all income criteria and guidelines used to establish eligibility for services.



When potential clients call SJC to inquire about services, SJC staff engage in a free intake (this is being done via phone during COVID, but was performed in-person before the pandemic). All potential clients are first screened for income eligibility, and are asked specific questions about their own income, their family income and family size, and their receipt of a means-tested public benefit. Because most of SJC clients do not have a social security number nor do they pay taxes, we rely on their honest self-reporting when we go through our income screening process. Because we use Salesforce CRM, running reports on income level is very simple, and the data is readily available. Because we have made improvements to our CRM, no intake can go forward without income information being gathered first. Should SJC be found eligible for funding, running reports on income data and ensuring that only indigent clients are covered by the IOLTA funding will not be difficult. Because our clients are operating within the confines of the federal government's immigration system, we utilize the federal poverty guidelines which are published annually on the USCIS website (<https://www.uscis.gov/i-864p>).

SJC's mission is to help "low-income" immigrants. All potential clients are screened for their income qualifications before they become eligible for services based on monthly average income. SJC verifies income levels through a variety of means; many of SJC clients are unemployed, ineligible to work, or depend on the gig economy which prevents SJC from requiring documentation from potential clients for income verification. As to adults, the majority of our clients qualify for or are already receiving CalFresh or MediCal. Clients who received means tested benefits already meet the federal poverty level definition. When calculating income eligibility, we also consider the presence of children, dependents and other contributing working family members. Our clients fall within the federal poverty guidelines and only clients that qualify under the federal poverty guidelines receive free legal services. Those who are not indigent but are low-income were charged a low-fee. Children always receive free full-scope legal services at SJC.

5. Programmatic Activities

Select all the programmatic activities the organization engaged in during the previous calendar year. Do not include fundraising and administrative activities (Eligibility Guidelines 2.3).

5.A. Legal Services Limited services, Representation Activities:

Describe Other:

5.B. Other Activities:



i. Legal Services: Provided to non-indigent clients/non-qualified organizations, Provided in non-civil matters, Fee-generating activities

Under which funding sources did you serve these clients?: Government, Foundation, Other/Unrestricted

ii. Other Services: Landlord/property management, Fiscal agent/sponsor, Other non-legal professional services (job training, financial literacy, cash aid, etc.), Other non-legal services

Describe Other Non-Legal Services: Routine Wraparound Service Clinics (e.g., food stamps clinics in partnership with Alameda County Food Bank); Mental Health Referrals (evaluations, therapy). SJC does not have an active role in the wrap around services. These wrap around services are provided by other service providers who directly provide assistance to SJC's clients. Example: SJC has a relationship with a group of psychologists who provide mental health services to SJC clients, however, these services are provided off-site and the psychologists are not affiliated with SJC itself. Therefore, SJC does not actually have expenses related to providing these services.

6.A. Total number of impact litigation cases (include partner/co-counsel cases)

Report all impact litigation cases your organization engaged in during the previous calendar year, both open and closed.

4

6.B. Total number of advocacy activities

Report all advocacy activities your organization engaged in the previous calendar year, both completed and ongoing.

1

6.C. Summarize Additional Activities

If you engaged in more than 10 advocacy activities or more than 15 impact litigation cases in the previous calendar year, briefly summarize the nature of these additional activities.



N/A

Impact Case(s)

#	Case Name	Court Name	Case Status	View / Edit Template	Form Status
1	Jeronimo Matias v. Barr	9th Circuit Court of Appeals	Submitted		Open
2	Jeronimo Matias v. Barr	9th Circuit	Submitted		Open
3	Hernandez Perez v. Barr	9th Circuit	Submitted		Open
4	Chavez de Mungia v. Barr	9th Circuit	Submitted		Open
5	Gonzalez Ortega	9th Circuit	Submitted		Open

Advocacy Activity(ies)

#	Advocacy Activity	Type	Activity Status	View / Edit Template	Form Status
1	Immigrant Day	Legislative	Completed		Submitted

III. Staffing and Volunteers



Staffing as of December 31

Personnel Category	Full-Time Staff	Number of People (Part Time)	Full-Time Equivalent (Part Time)	Total Staffing FTEs	Number of People (Temp Staff)	Total Hours (Temp Staff)	Number of people (Volunteer)	Donated Hours (Volunteer)
Attorneys	3	0	0.00	3.00	0	0	40	180
Paralegals	4	0	0.00	4.00	0	0	0	0
Law Students	0	0	0.00	0.00	0	0	3	630
Professional Services	0	0	0.00	0.00	0	0	0	0
Clerical/Admin	5	2	1.00	6.00	0	0	3	432
Other Personnel	1	10	5.50	6.50	0	0	12	2000
TOTAL	13	12	6.50	19.50	0	0	58	3242

1.A. Professional Services and Other Personnel

For each position included under Professional Services and Other Personnel, state the title and full-time equivalent of the position(s).

Other Personnel- Undergraduate interns, federal work study students, and Office Manager.

2. Use of Non-Legal Professionals

Describe how the organization utilizes non-legal professionals in its service delivery model.

SJC employs very few non-legal staff. SJC's reception team includes Mam interpreters and receptionists who answer about 100 calls per day, forward calls to legal staff, and interpret from Mam to English. SJC's operations manager supervises the reception team and provides high-level oversight to the office, including human resources, payroll, supplies, etc.

They are not considered legal professionals because they do not have the necessary educational background or expertise to qualify as legal professionals. They all work under the supervision of licensed attorneys and therefore we do not consider them to be legal professionals, such as paralegals.

3. How many hours per week does the organization consider a full-time schedule?



Do not include non-numeric characters, this includes commas, periods, etc.

35.00

4. Staffing and/or Organizational Changes

Describe any significant changes in staffing levels or structure in the previous calendar year, and its impact on programmatic activities. Identify any significant vacancies and explain whether the organization is actively recruiting for the position, or is holding the position for budgetary or other reasons.

We were actively recruiting a new paralegal and/or accredited representative in 2019 for our Modesto location. We continue to look for an additional paralegal for our Berkeley office. We continue to seek more staff attorneys, ideally one to two more for FY2020-2021.

IV. Application for Pro Bono Allocation

To qualify for the pro bono allocation in the county(ies) in which the organization provides services, the organization must meet both these requirements (1) coordinate the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified organizations as its principal means of delivering legal services; and (2) demonstrate that its principal means of delivering legal services is "the recruitment of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California" through one of the three tests described in Eligibility Guideline 2.6.3. and 2.9.

1. Are you applying for a pro bono allocation per the qualifications listed?

If yes, the organization should annually recruit at least 30 attorneys, OR recruit at least five percent of the licensed attorneys in the county served, OR receive at least 1,000 hours of donated legal services from volunteer attorneys.

No

V. Quality Control Review



1. Quality Control Report

Has the organization received a written quality control review from the Legal Services Corporation, the California Department of Aging, or an Area Agency on Aging in the previous calendar year?

No

2. Legal Services Staff Supervision

Describe how legal services staff are supervised to ensure quality service. Identify supervisory personnel and provide information regarding their oversight (frequency of case management meetings, etc.). If there is only one staff attorney or the organization only employs contract attorneys, describe how oversight and quality control are ensured.

SJC's attorneys have a combined 20 years of experience. Each attorney is supported by a team of experienced paralegals and legal assistants who receive supervision from the Program Manager. SJC's highly experienced Program Manager holds weekly trainings with paralegals and meets individually with paralegals each week to discuss their case assignments, progress, and issues. Staff also utilize a peer review system so that all legal staff's drafts are reviewed by other legal staff's peers before they are reviewed by the Program Manager and the licensed attorney assigned to the case. SJC paralegals supervise their own interns, who assist with document preparation and client interviewing. All filings are reviewed at least twice, and finally reviewed and signed off by licensed attorneys who are ultimately responsible for the work product of their team.

3. Volunteer Supervision

Describe the method(s) by which volunteers (attorneys, paralegals, and law students) are supervised. If the organization does not actively supervise volunteers or review their work product, how does the organization ensure compliance with its quality standards?

All interns are members of a legal team of paralegals and attorneys. All interns undergo a mandatory training orientation before they begin work, which includes various topics such as asylum, client interviewing, cultural humility, interpretation techniques, among others. Interns receive discrete work assignments from paralegals or attorneys, who are responsible for carefully reviewing their work. Interns are encouraged to participate in the weekly paralegal training sessions run by the Program Manager. At pro bono workshops, all attorneys and legal staff are trained by the Legal Director and attorneys are provided CLE credit for their study. All documents prepared during workshops are reviewed by attorney supervisors on the day of the clinic, and also by the Legal Director who signs off on the applications before they are filed, and who remains ultimately responsible for the final product.



4. Describe case opening and closing oversight practices.

Cases are first vetted by the directing attorneys, by reviewing detailed intakes, offer representation, and then sign contracts with clients. Cases are reviewed by licensed attorneys before and during contract signing appointments, where troubleshooting and issue spotting takes place. Cases are closed by attorneys after representation is complete, who meet with clients to satisfy any lingering questions, provide copies of files, and give legal advice. All clients are required to watch videos in their native languages which explain their legal status during a case closing, and can re-watch the videos at will. Directing attorneys are notified through automation when cases are successfully completed and unsuccessfully completed, so that they may intervene as needed. Clients are given communication at all stages of the process via text message, which is preferred medium of communication.

VI. Sources of Funding

Use the table below to itemize the organization's sources of funding in the calendar year 2019.

Enter the cash amount received for each funding source. Do not include State Bar monies.

- Under Foundations, list the largest three grants by organization, and then add the remaining amounts together under Other Foundation Funding.
- Under Government Resources, for each Federal, State, and Cities and Counties, list the largest three grants by agency, and then add the remaining amounts together in the corresponding Other field.

Source	Amount Received
Individual Contributions	
Attorneys/Private Donors/Individual Gifts	\$122,801
Event Sponsorship/Special Events	\$50,000
Other	\$0
Total	\$172,801
Organizations	
Bar Associations	\$0



Law Firms	\$0
Law Schools	\$0
Other, including subgrants from nonprofits	\$16,299
Total	\$16,299
Foundations	Subtotal
Roddenberry Foundation	\$50,000
Van Loben Sels/RembeRock Foundation	\$25,000
Marin Community Foundation	\$80,000
Other Foundation Funding	\$45,501
Total	\$200,501
Legal	
Legal Services Corporation	\$0
Area Agency on Aging	\$0
Total	\$0
Government Resources	
Federal (not LSC or OAA)	
	\$0
	\$0
	\$0
Other Federal Funding	\$0
State	
California Department of Social Services	\$789,672
	\$0
	\$0
Other State Funding	\$0
Cities and Counties	
	\$0
	\$0
	\$0
Other City and County Funding	\$0
Total	\$789,672
Residual and Cy Pres Awards	
State Court	\$0



Federal Court	\$0
Total	\$0
Fees and Reimbursements	
Attorneys' Fees	\$2,000
Client-Paid Amounts	\$466,771
Cost Reimbursements	\$94,137
Other Professional Fees	\$0
Total	\$562,908
Other Cash Support	
Rent Revenue	\$29,236
Fiscal Sponsorship Revenue	\$7,500
	\$0
	\$0
	\$0
Total	\$36,736
TOTAL OF NON-STATE BAR REVENUE	\$1,778,917

1.A. Other Funding

Itemize sources included in any "other" line items listed in the Sources of Funding worksheet.



Other, including subgrants refers to the University of California, Berkeley Work Study income
Fiscal Sponsorship revenue refers to the 10% fiscal sponsorship fee with iNation Media, an immigrant focused advocacy film company.

Note: Answer to question about the CDSS calculation:

Because CDSS is a California government agency, the actual payment for the awarded values are often not in the same fiscal year as the award was made. We think that \$789,672 refers to the total amount in dollars of CDSS awards for FY 2019 year. The 455,921 likely refers to grants receivable from past CDSS contracts which could have originated in 2016 to 2018. CDSS services and their respective payments are provided via contract and many contracts are delayed by a year due to various bureaucratic issues as well as delays.

Note about expense question:

This calculation above missed \$13,499 in contractor expenses and \$7,541.00 in meals which brings the total to \$710,389

Note about occupancy:

We believe space expenses include all the required maintenance and repairs costs for the building. The audit value for "occupancy" is distinct from the costs to keep up the condition of the building which SJC owns. In 2019, SJC was in its first year of building ownership and therefore experienced a maintenance, upgrade and repair cost of \$123,933. This added to the \$205,057 brings the total to \$328,990.

VII. Total Corporate Expenditures

Organization's Fiscal December 31
Year End:

1. Upload Audited or Reviewed Financial Statement Ended in the Previous Year

Upload a final copy of the organization's audit or financial review for the organization's fiscal year ending in 2019; qualified expenditures will be calculated based on this document. Organizations with gross corporate expenditures less than \$500,000 can provide a financial review in lieu of an audited financial statement (Rule 3.680(E)(1)). It is also the obligation of the applicant to upload a copy of the most recent audit or financial review as soon as available, and no later than May 1, to the Organization Profile under the Documents tab.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If requesting an audit extension, upload an explanation (in lieu of the audit or financial review) with an estimate of when the audit or financial review will be finalized. The applicant should complete all sections of the application using reasonable estimates if the audit or financial review is not available. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.



Social_Justice_Collaborative_2019_Financial_Statements.pdf

155.3 KB - 05/20/2020 3:44PM

Total Files: 1



Total Corporate Expenditures

NON-CASH		Expenditures
In-kind/Donated Services		\$69,899
Unrealized Losses		\$0
Other		\$0
Total Non-Cash Items		\$69,899
PASS-THROUGH / FISCAL SPONSOR		Expenditures
Pass-through		\$86,173
Total Pass-through		\$86,173
PERSONNEL		Expenditures
Attorneys		\$218,708
Paralegals		\$264,443
Other Staff		\$108,501
Subtotal		\$591,652
Employee Benefits		\$118,737
Total Personnel		\$710,389
PERSONNEL		Expenditures
Attorneys		
Paralegals		
Other Staff		
Subtotal		
Employee Benefits		
Total Personnel		
NON-PERSONNEL		Expenditures
Space		\$328,990
Equipment Rental and Maintenance		\$0
Office Supplies and Small Equipment		\$14,225
Printing and Postage		\$21,269
Telecommunications		\$14,165
Technology		\$22,630
Program Travel		\$20,075
Training		\$18,599



Library	\$0
Insurance	\$3,465
Audit	\$0
Litigation	\$0
Depreciation	\$12,372
Contract Service to Clients	\$0
Contract Service to Program	\$37,686
Other	\$8,017
Total Non-Personnel	\$501,493
TOTAL EXPENDITURES (Personnel + Non-Personnel +Non-Cash+Pass-through)	\$1,367,954
TOTAL QUALIFIED CORPORATE EXPENDITURES (Personnel + Non-Personnel)	\$1,211,882

Please itemize all expenses included under Depreciation.

Computer & Equipment, \$4225; 418 13th Street, \$4612; Furniture & Fixtures, \$1281; Vehicle, \$400; Leasehold Improvements, \$1853

Please itemize all expenses included under Contract Service to Program.

Merchant Expense, \$15,938; Interest Expense, \$11,027; Professional Fees, \$8,322; Licenses & Fees, \$2354

Please itemize all expenses included under Other (Non-Personnel).

Fundraising Expenses, \$8017

3. Explain Any Variance

If your organization's reported corporate expenditures do not align with your organization's uploaded audit, please explain the variance.

VIII. Qualified Expenditures

Questions	Amount	Explanation
-----------	--------	-------------



1. Total Corporate Expenditures from the previous fiscal year	\$1,211,882	
2. Did the corporation engage in activities other than the delivery of legal services?	\$0	all non-legal services provided by third-party organizations and government entities
3. Did the corporation lease or sublease space to another organization?	\$0	no additional costs outside of #4
4. With regards to leased or subleased space, did the organization incur property management expenses, whether as primary owner or lessor?	\$400	new lights in subtenant space
5. Did you provide legal services in criminal matters?	\$0	\$924 (advised to remove this)- provided limited services for expungement, the cost estimate is based on time spent on the matter.
6. Did you charge clients for any legal services in civil matters, other than requiring payment for costs and expenses or processing fee of \$20 or less?	\$484,073	This number was calculated based on the average time that SJC staff takes to complete the 9 most common types of legal cases (see the excel file). We estimated the total hourly commitment for each staff "role" at SJC to calculate the cost involved in each of these nine types of cases. This number was then compared to the total number of cases in 2019 and the total number of pro bono cases in 2019. The percentages were applied to total expenditures in order to make an educated approximation of the total expenditures that are qualifying vs. non-qualifying. SJC does not provide pro bono services to clients who are not indigent (but some indigent clients do pay for services. The final calculation represents the total amount of expenditures for the 2019 year for pro bono vs. non-pro bono (or non-qualified) expenditures, based on the average time allotment of these nine types of legal cases.
7. Did you provide any free civil legal services to persons who were not indigent as defined in B & P Code Section 6213(d) and Eligibility Guidelines 2.3.3 and 2.3.4, or to organizations not providing benefits primarily on behalf of indigent?	\$0	
8. Did you provide free civil legal services outside California?	\$0	we did not provide legal services to clients outside of California



9. Did your organization incur expenses that did not contribute to the provision of civil legal services to indigent people and that were not itemized above? \$0

we did not incur other expenses that were unrelated to provision of legal services to qualified individuals

10. TOTAL EXPENDITURES FOR NON-QUALIFIED ACTIVITIES \$484,473

11. SUB-TOTAL OF QUALIFIED EXPENDITURES \$727,409

12. PERCENT OF QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS

Once you have completed and saved the Qualified Expenditures table above, click the "Save & Finish Later" button below to calculate this percentage.

60.02%

12.A. Less than 75% Explanation

If the percentage of expenditures for free civil legal services to indigent persons calculated above is less than 75 percent, explain how the organization meets the primary purpose requirement for funding (B&P §6213(a)).

Although SJC does not meet the presumption for funding, the reasons for accepting our application is compelling. SJC provides services to some of the most vulnerable residents of California, including victims of crime, survivors of domestic violence, and those in need of humanitarian protection. SJC clients have no civil right to an attorney, but they face some of the most terrible consequences of deportation. Many liken immigration court to death penalty cases being held at the DMV. Without an attorney, immigrants are most often ordered deported, often facing death as a result. With IOLTA funding, SJC will be able to provide more free services to indigent immigrants who otherwise do not fall under a current source of funding for the organization. IOLTA funding would also help keep California families together- while current sources of funding do not cover families children of clients living abroad, IOLTA funding would enable SJC to represent families to petition their loved ones for no cost.

If we were to receive IOLTA funding, the number of indigent clients who receive free legal services will skyrocket. Right now, funding is so limited and tight that some indigent clients do end up paying a fee (albeit a below market one) for their case. The goal of SJC is to cover all of those services for free, making sure all indigent clients are served free of cost. To the extent that any client is not indigent, SJC's CRM is sophisticated enough to ensure that we do not utilize IOLTA funding for the case, but rather charge a below-market fee consistent with our mission.

SJC's founding vision was that all indigent immigrants receive high quality defense in immigration court. At that



time in 2012, there was very limited funding for deportation defense. In order to start serving our clients, we started charging low income clients 20% of the market rate, or less, to provide full scope representation from start to finish in court. As the funding landscape changed, the appetite for foundations as well as the State of California to fund programs such as SJC's, we were able to increase provision of no cost services.

SJC receives a significant portion of its FY2019 income from the State. In order to receive funding with the State of California, the organization cannot charge for the cases taken under contract. Each year, SJC was able to provide increasing number of free services, which was always the mission. However, had SJC not taken those cases for a low fee, it would not have been able to demonstrate the high success rate nor attract the funding.

Today, SJC is proud that roughly 60% of its cases are taken at no cost to clients, and yet there is insufficient funding to provide representation to all indigent families in need. Rather than referring these cases to other organizations who are at capacity or rejecting them to face the high cost of private attorneys, SJC provides a real chance to win legal status for those who would certainly face deportation. We also have a robust pro bono program that serves roughly 20% of our clients at some phase of their process, providing hundreds of thousands of dollars of free legal aid each year. Unfortunately, the State Bar does not include in its qualified expenditure the contributions via expenses of pro bono attorneys at SJC. Were these services to be included in cost, we would easily exceed the 75% presumption threshold.

As attachments to this application, SJC is including both the 2019 and 2018 Annual Report to demonstrate the commitment to provision of free legal services, and to demonstrate how over time the proportion of free services has been on the rise in an exponential fashion. We are also including a copy of the 2018 internally prepared financial statements to show the growth in provision of legal services at no cost to the client. In FY2018, SJC provided roughly half of its clients free legal services, and in 2019, that proportion has increased to 54%.

In FY2020, we have allocated roughly 60% of expenditures to pro bono legal representation to indigent clients. We continue to increase our reach via our pro bono program, offering more clinics, including remote clinics during COVID-19. SJC mission is to provide free legal services to the most vulnerable people and each year we make significant steps toward accomplishing this goal.

SJC referred to "thousands of dollars" referring to what has already taken place in the FY2020 year. So far in 2020, SJC has received approximately \$250,000 of free legal services from pro bono attorneys and legal staff during the COVID shutdown via SJC sponsored remote Zoom legal clinics in partnership with OneJustice. This number will be only a fraction of the total by the end of 2020. While 2019 the in-kind contribution was at \$69,899, the number this year far exceeds that value.

Not all firms offer a "hourly value" cost basis for their time commitment and therefore we are not in the habit of recording such a value for each attorney who provides those services should that information not be recorded. Only in 2019 did we really start to understand the value of the financial aspect of recording the financial "value" of each and every pro bono lawyers' time.

To the extent that the audit does or does not accurately reflect the actual cash value of the donated services,



the pro bono program should not be judged by that. If the IOLTA committee wants to see a list of redacted client names and case types that were performed to completion for the 2019 fiscal year, we are happy to provide that information.

13. Exchanged Funds

Did the organization exchange funds with another legal services project that is applying for a State Bar grant?

No

14. TOTAL DEDUCTION OF EXCHANGED FUNDS

\$0

15. Shriver Funds

Enter funds received for a grant (or subgrant/subcontract) for a pilot project pursuant to the Sargent Shriver Civil Counsel Act of 2009.

\$0

16. TOTAL QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$727,409

Enter all IOLTA and EAF expenditures for 2019 in 17a and 17b, respectively. This should include any carry-over from 2018

Reference Button:

17.A. IOLTA Expenditures Net of Capital Additions (FISCAL YEAR)

\$0

17.B. EAF Expenditures Net of Capital Additions (FISCAL YEAR)



\$0

17.C. IOLTA AND EAF EXPENDITURES NET OF CAPITAL ADDITION EXPENDITURES (AUTO-CALCULATED)

\$0

18. GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$727,409

19. Upload Any Additional Expenditure Documents

Include any additional documents regarding the information entered in this form.

CLINIC.pdf

318.4 KB - 05/26/2020 3:21PM

English_Brochure.pdf

3.7 MB - 05/26/2020 5:18PM

SOCIAL_JUSTICE_COLLABORATIVE_Profit_and_Loss_2018.pdf

162.2 KB - 05/26/2020 3:19PM

Unaccompanied_Minor_Pro_Bono_Menu.pdf

1.5 MB - 05/26/2020 3:23PM

Total Files: 4

VIII-A. Expenditures by County

GRAND TOTAL NON-STATE BAR QUALIFIED EXPENDITURES FOR FREE CIVIL LEGAL SERVICES TO INDIGENT PERSONS IN CALIFORNIA

\$727,409



1. Allocation of Expenditures for Each County

If you provide free civil legal services to indigent persons in more than one county, describe the basis for your by county allocation of expenses and how it relates to the services in each county. Include any calculations or relevant data to support your explanation.

SJC provides legal services to indigent clients in the nine counties of the Bay Area as well as the sixteen counties of Central Valley. However, most of our clients come from Alameda (67%), and Contra Costa (10%) and Stanislaus (9%). We also represent a fair number of clients in San Joaquin (8%) and Marin (6%).

2. New or Discontinued Counties

If applicant is seeking 2021 IOLTA and EAF funds to serve any counties that differ from the counties for which applicant is currently receiving 2020 IOLTA and EAF funds, provide information on new and/or discontinued counties. See application instructions for additional details. Enter N/A if not applicable.

This is our first year applying for IOLTA funding and therefore we have no discontinued counties.

3. Out of County Work

Describe any work in county(ies) other than those detailed in the questions above. Include name of county(ies), nature of work, start and/or end date, approximate county expenditures, and any other relevant information.

We do not represent anyone outside of California. The residual counties not included in number one above that represent our work are in the aggregate below 1%.

Expenditures by County

Previous Fiscal Year Quarterly Reports:

In the tables below, indicate the amount of total expenditures for free civil legal services to indigent persons in California for each county.

The total amount of the "Qualified Expenditures" column should equal the amount that appears at the top of this form. IOLTA and EAF expenditures should match Quarterly Report submissions for your fiscal year ending in 2019, including any carry-over from 2018. Reference the "View" button located above this instruction box to view your Quarterly Report submissions for your fiscal year ending in 2019.



Click "Save" within the table, then "Save & Finish Later" to update county tables.

Update Form II if the appropriate counties are not appearing.

Note: In response to the unprecedented situation of COVID-19, applicants may submit an application without a final audit or financial review. If submitting the application without a final audit or financial review, the applicant should complete all sections of Form VIII-A using reasonable estimates. Eligibility cannot be determined or grants issued until the State Bar receives a final audit or financial review.

Alameda

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$487,364	\$0	\$0	\$487,364

Contra Costa

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$72,741	\$0	\$0	\$72,741

Marin

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$43,645	\$0	\$0	\$43,645

San Joaquin

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$58,193	\$0	\$0	\$58,193

Stanislaus

County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
\$65,466	\$0	\$0	\$65,466

County Totals



County Expenditures (Fiscal year)	IOLTA Expenditures (Fiscal year)	EAF Expenditures (Fiscal year)	Qualified Expenditures
727409	0	0	727409

IX. Certifications & Assurances

Upload Signed
Certifications &
Assurances Document:

IOLTA_LSP_CA_Form.pdf
373.3 KB - 05/20/2020 3:46PM

Total Files: 1

Supporting Documents (Optional)

When naming optional supporting documents, please include the Organization's acronym (or short name) and a 1-5 word description of the file.

FY2019-WS.pdf

75.5 KB - 08/03/2020 5:18PM

Total Files: 1

TOTAL OF COST	TOTAL PRO BONO	PERCENT PRO BONO
\$431,836.51	\$259,344.28	60.06%
TOTAL EXPENDITURES	TOTAL PRO BONO	TOTAL NON QUALIFYING
\$1,211,882.00	\$727,809.39	\$484,072.61

Salesforce Report	# Hrs	\$/Hr	\$/Case	Total #	Total Pro Bono #	% Pro Bono
DEFENSIVE ASYLUM				140	38	27.14%
Paralegal	20	\$26.94	\$538.84	\$75,437.60	\$20,475.92	
Reception	4	\$22.69	\$90.75	\$12,705.28	\$3,448.58	
Attorney	5	\$40.90	\$204.52	\$28,632.69	\$7,771.73	
Interpreter	3	\$22.69	\$68.06	\$9,528.96	\$2,586.43	
Legal Assistant	3	\$22.69	\$68.06	\$9,528.96	\$2,586.43	
Paralegal Supervisor	2	\$37.50	\$74.99	\$10,498.65	\$2,849.63	
A&M	1.95	\$61.36	\$119.64	\$16,750.13	\$4,546.46	
SUBTOTAL			\$1,045.23	\$163,082.27	\$44,265.19	
DERIV ASYLUM				152	152	100.00%
Legal Assistant	3	\$22.69	\$68.06	\$10,345.73	\$10,345.73	
Paralegal	3	\$26.94	\$80.83	\$12,285.55	\$12,285.55	
Attorney	3	\$40.90	\$122.71	\$18,652.15	\$18,652.15	
SUBTOTAL			\$271.60	\$41,283.43	\$41,283.43	
AOS				69	47	68.12%
Reception	1	\$22.69	\$22.69	\$1,565.47	\$1,066.34	
Legal Assistant	4	\$22.69	\$90.75	\$6,261.89	\$4,265.34	
Paralegal Supervisor	1	\$37.50	\$37.50	\$2,587.17	\$1,762.27	
Attorney	3	\$40.90	\$122.71	\$8,467.10	\$5,767.44	
A&M	4.95	\$61.36	\$303.71	\$20,956.06	\$14,274.42	
SUBTOTAL				\$39,837.69	\$27,135.82	
EAD				358	150	41.90%
Legal Assistant	2	\$22.69	\$45.38	\$16,244.61	\$6,806.40	
Attorney	0.5	\$40.90	\$20.45	\$7,321.79	\$3,067.79	
A&M	0.125	\$61.36	\$7.67	\$2,745.67	\$1,150.42	
SUBTOTAL				\$26,312.07	\$11,024.61	
SIJS				39	39	100.00%
Reception	2	\$22.69	\$45.38	\$1,769.66	\$1,769.66	
Legal Assistant	4	\$22.69	\$90.75	\$3,539.33	\$3,539.33	
Paralegal	11	\$26.94	\$296.36	\$11,558.12	\$11,558.12	
Paralegal Supervisor	2	\$37.50	\$74.99	\$2,924.63	\$2,924.63	

Salesforce Report	# Hrs	\$/Hr	\$/Case	Total #	Total Pro Bono #	% Pro Bono
Attorney	8	\$40.90	\$327.23	\$12,762.00	\$12,762.00	
A&M	6.75	\$61.36	\$414.15	\$16,151.91	\$16,151.91	
SUBTOTAL				\$48,705.64	\$48,705.64	
BIA				45	45	100.00%
Attorney	12	\$40.90	\$490.85	\$22,088.08	\$22,088.08	
Legal Director	2	\$61.36	\$122.71	\$5,522.02	\$5,522.02	
SUBTOTAL				\$27,610.10	\$27,610.10	
CONSULTATION				577	381	66.03%
Reception	0.5	\$22.69	\$11.34	\$6,545.49	\$4,322.06	
Attorney	0.75	\$40.90	\$30.68	\$17,701.14	\$11,688.27	
Legal Director	0.5	\$61.36	\$30.68	\$17,701.14	\$11,688.27	
SUBTOTAL				\$41,947.77	\$27,698.61	
U VISA				47	33	70.21%
Reception	4	\$22.69	\$90.75	\$4,265.34	\$2,994.82	
Attorney	3	\$40.90	\$122.71	\$5,767.44	\$4,049.48	
Paralegal	8	\$26.94	\$215.54	\$10,130.19	\$7,112.69	
Paralegal Supervisor	2	\$37.50	\$74.99	\$3,524.55	\$2,474.68	
Load	5.1	\$61.36	\$312.91	\$14,706.98	\$10,326.18	
SUBTOTAL				\$38,394.50	\$26,957.84	
9TH CIR APPEAL				3	3	100.00%
Executive Director	4	\$61.36	\$245.42	\$736.27	\$736.27	
Legal Director	8	\$61.36	\$490.85	\$1,472.54	\$1,472.54	
Staff Attorney	20	\$40.90	\$818.08	\$2,454.23	\$2,454.23	
SUBTOTAL				\$4,663.04	\$4,663.04	

Social Justice Collaborative

Financial Statements and Independent Auditor's Report
December 31, 2019

SOCIAL JUSTICE COLLABORATIVE

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Statement of Cash Flows	6
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To the Board of Directors of
Social Justice Collaborative
Berkeley, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Social Justice Collaborative (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 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.

Artesian CPA, LLC

1624 Market Street, Suite 202 | Denver, CO 80202
p: 877.968.3330 f: 720.634.0905
info@ArtesianCPA.com | www.ArtesianCPA.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Social Justice Collaborative as of December 31, 2019, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Artesian CPA LLC

Artesian CPA, LLC

Denver, Colorado
May 19, 2020

Artesian CPA, LLC

1624 Market Street, Suite 202 | Denver, CO 80202
p: 877.968.3330 f: 720.634.0905
info@ArtesianCPA.com | www.ArtesianCPA.com

SOCIAL JUSTICE COLLABORATIVE
STATEMENT OF FINANCIAL POSITION
As of December 31, 2019

ASSETS

Current Assets:

Cash	\$ 307,962
Accounts receivable	11,500
Grants receivable	482,588
Total Current Assets	<u>802,050</u>

Property and Equipment:

Buildings	184,450
Leasehold improvements	35,749
Furniture and fixtures	16,962
Land	32,550
Office equipment	12,675
Vehicle	2,800
Accumulated depreciation	<u>(19,765)</u>
Total Property and Equipment	<u>265,421</u>

Other Assets:

Deposits	<u>10,000</u>
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TOTAL ASSETS	<u><u>\$ 1,077,471</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 34,658
Accrued expenses	38,230
Loan payable - current portion	<u>2,151</u>
Total Current Liabilities	<u>75,039</u>

Non-Current Liabilities:

Loan payable - net of current portion	<u>124,475</u>
Total Non-Current Liabilities	<u>124,475</u>

Total Liabilities	<u><u>199,514</u></u>
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Net Assets:

Without donor restrictions	422,037
With donor restrictions	<u>455,920</u>
Total Net Assets	<u><u>877,957</u></u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,077,471</u></u>
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See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

SOCIAL JUSTICE COLLABORATIVE
STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Government grants	\$ 76,972	\$ 712,700	\$ 789,672
Program service revenue	562,908	-	562,908
Foundations and other grants	200,501	-	200,501
Contributions	172,801	-	172,801
In-kind contributions	69,899	-	69,899
Rental income	29,236	-	29,236
Work study income	16,299	-	16,299
Sponsorship income	7,500	-	7,500
Released from restrictions	478,296	(478,296)	-
Total Revenues and Support	1,614,412	234,404	1,848,816
Expenses:			
Program services	1,104,703	-	1,104,703
Supporting services:			
Management and general	203,378	-	203,378
Fundraising	59,873	-	59,873
Total Expenses	1,367,954	-	1,367,954
Change in net assets	246,458	234,404	480,862
Net assets at beginning of year	175,579	221,516	397,095
Net assets at end of year	\$ 422,037	455,920	\$ 877,957

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

SOCIAL JUSTICE COLLABORATIVE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

		<u>Supporting Services</u>		
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total Expenses</u>
	<u>Services</u>	<u>and General</u>		
Salaries and wages	\$ 485,648	\$ 63,597	\$ 28,908	\$ 578,153
Occupancy	172,248	22,556	10,253	205,057
Maintenance and repairs	104,103	13,633	6,197	123,933
Program expenses	86,173	-	-	86,173
In-kind expenses	69,899	-	-	69,899
Benefits	52,258	6,843	3,111	62,212
Payroll taxes	41,147	5,388	2,449	48,984
Computer and technology expens	22,630	-	-	22,630
Travel	20,075	-	-	20,075
Postage	18,928	-	-	18,928
Professional development	-	18,599	-	18,599
Merchant expenses	-	15,983	-	15,983
Office supplies	-	14,225	-	14,225
Contractors	13,499	-	-	13,499
Depreciation	10,392	1,361	619	12,372
Interest expense	-	11,027	-	11,027
Professional fees	-	8,322	-	8,322
Fundraising expenses	-	-	8,017	8,017
Communication expenses	-	7,782	-	7,782
Meals	-	7,541	-	7,541
Telephone	5,362	702	319	6,383
Insurance	-	3,465	-	3,465
Licenses and fees	-	2,354	-	2,354
Printing/Copying	2,341	-	-	2,341
	<u>\$ 1,104,703</u>	<u>\$ 203,378</u>	<u>\$ 59,873</u>	<u>\$ 1,367,954</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

SOCIAL JUSTICE COLLABORATIVE
STATEMENT OF CASH FLOWS
For the year ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 480,862
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	12,371
Change in operating assets and liabilities:	
Change in grants receivable	(261,071)
Change in accounts receivable	1,325
Change in accounts payable	19,147
Change in accrued expenses	6,055
Net cash provided by operating activities	<u>258,689</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(43,749)</u>
Net cash used in investing activities	<u>(43,749)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on note payable	<u>(2,882)</u>
Net cash used in investing activities	<u>(2,882)</u>

Net increase in cash and cash equivalents	212,058
Cash and cash equivalents at beginning of year	<u>95,904</u>
Cash and cash equivalents at end of year	<u>\$ 307,962</u>

Supplemental Disclosure of Cash Flow Information

Cash paid for interest	11,027
------------------------	--------

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

SOCIAL JUSTICE COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Social Justice Collaborative (the “Organization”) is a nonprofit corporation formed in 2012 under the laws of the State of California. The Organization’s mission is to provide legal services to low-income people and represent immigrants in removal proceedings.

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective January 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity 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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less, except those designated for long-term purposes, to be cash equivalents. Cash and cash equivalents are held with FDIC insured banks and the Company assesses its cash and cash equivalents to ensure funds do not exceed FDIC insured amounts.

SOCIAL JUSTICE COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended

Grants Receivable

Receivables, representing amounts due from grantors, are stated at amounts estimated by management to be the net realizable value. The Organization periodically evaluates the collectability of accounts receivable and establishes a reserve for uncollectible accounts based on an evaluation of the specific unpaid account balances. As of December 31, 2019, there were grants receivables of \$482,588 and no reserves against such.

Pledges Receivable

Pledges receivable are recorded in the financial statements upon receipt of pledge information from the donor at the net realizable amount. All pledges receivable are expected to be collected within one year, they are recorded at their net realizable value. This is achieved by creating an allowance for doubtful accounts when necessary. As of December 31, 2019, there were pledges receivable of \$0 and no reserves against such.

Property and Equipment

Acquisitions of assets in excess of \$1,000 are capitalized at cost. Property and equipment is depreciated using the straight-line method over the assets estimated useful life. The estimated useful lives of equipment range from 3 to 7 years while the buildings life is 40 years. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets are placed in service.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Contributed Services and Other In-Kind Contributions

Contributed services are recorded if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of volunteers have contributed significant amounts of their time in the Organization's program services, but are not recognized as contributions in the financial statement because they do not meet the aforementioned criteria. There were in-kind contributions totaling \$69,899 for the year ended December 31, 2019.

SOCIAL JUSTICE COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended

Measure of Operation

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. The ASU is effective for annual and interim periods beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted. We are continuing to evaluate the impact of this new standard on our financial reporting and disclosures.

Functional Allocation of Expenses

The costs of providing the various programs and services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, benefits and payroll taxes	Time and Effort
Occupancy, depreciation, maintenance and telephone	Square footage

All other expenses were allocated based on the specific identification method.

Income Tax

No provision has been made for income taxes, since the Organization is exempt from Federal income tax pursuant to Internal Revenue Code Section 501(c)(3). There was no unrelated business taxable income during the year. The Organization has not recognized any cumulative adjustment relating to the adoption of FASB ASC Income Tax Topic, nor are there any unrecognized tax benefits to be disclosed as of December 31, 2019. Uncertainty in income taxes for a not-for-profit organization would include the status of its exemption from taxes, status of filings in local jurisdictions, and unrelated business income, if any. The Organization's information return filing for the years 2017 to 2019 remains subject to examination by the Internal Revenue Service.

SOCIAL JUSTICE COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended

NOTE 2: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (“FASB”) guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amounts reported in the balance sheet approximate their fair value.

NOTE 3: GRANTS RECEIVABLE

Grants receivable at December 31, 2019 and consisted of the following:

California Department of Social Services	\$ 455,921
Canal Alliance	26,667
	<u>\$ 482,588</u>

NOTE 4: OPERATING LEASE

Effective August 4, 2018, the Organization entered into a lease agreement for office space in Berkeley California, which commenced on November 1, 2018 and is scheduled to expire after 120 months on October 31, 2028. Monthly lease obligations under the lease range from \$11,667 to \$14,774 per month. Rent expense for the year ended December 31, 2019 totaled \$159,230.

As of December 31, 2019, the future minimum lease payments are as follows:

See accompanying Independent Auditor’s Report

SOCIAL JUSTICE COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended

2020	\$ 144,869
2021	148,475
2022	149,217
2023	153,692
2024	158,303
Thereafter	<u>651,714</u>
	<u><u>\$1,406,270</u></u>

NOTE 5: LOANS PAYABLE

On September 13, 2018, the Organization entered in a 60 month term loan agreement for the purchase of the Modesto property with a commercial bank in the amount of \$130,000, bearing interest at 6.9% with required monthly principal and interest payments of \$919, with a balloon payment due of \$119,424 on September 13 2023, the loan is also secured by the property. Total interest expense on this loan was \$8,969 for the year ended December 31, 2019. The unpaid principal balance was \$126,626 as of December 31, 2019.

Future minimum debt payments under the Organization's outstanding loans are as follows as of December 31, 2019:

2020	\$ 2,151
2021	2,333
2022	2,501
2023	<u>119,641</u>
	<u><u>\$ 126,626</u></u>

NOTE 6: DONOR RESTRICTED NET ASSETS

The following schedule summarizes activity and balances related to donor restricted net assets:

Grantors	Donor Restricted Balance 1/1/2019	Current Period Contributions & Grants	Expended or Released	Donor Restricted Balance 12/31/19
California Department of Social Services	\$ 202,300	\$ 712,700	\$ (459,080)	\$ 455,920
State of California	<u>19,216</u>	<u>-</u>	<u>(19,216)</u>	<u>-</u>
	<u><u>\$ 221,516</u></u>	<u><u>\$ 712,700</u></u>	<u><u>\$ (478,296)</u></u>	<u><u>\$ 455,920</u></u>

See accompanying Independent Auditor's Report

SOCIAL JUSTICE COLLABORATIVE
NOTES TO FINANCIAL STATEMENTS
As of December 31, 2019 and for the year then ended

NOTE 7: CONCENTRATIONS

The Organization's revenue sources carry a significant concentration. For the year ended December 31, 2019, there was one granting agencies that represented over 10% of revenues and it represented a concentration of risk which was approximately 39% of total revenues. The Organization's grant receivables carry a significant concentration. For the year ended December 31, 2019, there was one granting agencies that represented over 10% of total receivables and represented a concentration of risk which were approximately 92% of total receivables.

NOTE 8: COMMITMENTS AND CONTINGENCIES

The Organization has received state and local grants for specific purposes that are subject to review and audit by grantor agencies. Such audits may result in grantor agencies requiring a reimbursement from the Organization for expenditures disallowed by the grant terms. Management does not expect any such disallowances to be material.

NOTE 9: LIQUIDITY

The Organization's financial assets available within one year of December 31, 2019 date for general expenditures are as follows:

Cash	\$ 307,962
Accounts receivable	11,500
Grants receivable	482,588
	<u>\$ 802,050</u>

NOTE 10: SUBSEQUENT EVENTS

Subsequent Event

On April 14, 2020, the Company secured a loan through the Small Business Administration for the Payroll Protection Program, a 24-month term loan agreement in the amount of \$144,600, bearing interest at 1.00%, no payments are due on the loan for 6 months from the date of first disbursement of the loan and shall be repaid in 18 substantially equal monthly payments of principal and interest, commencing on the first business day after the end of the deferment period. The amount of loan forgiveness shall be calculated in accordance with the requirements of the Program, including the provisions of Section 1106 of the CARES Act.

Management's Evaluation

Management of the Organization has evaluated events and transactions that occurred after the balance sheet date through May 19, 2020, the date the financial statements were available to be issued and has determined that no subsequent events occurred that require recognition or disclosure in the financial statements.

See accompanying Independent Auditor's Report

Social Justice Collaborative (SJC)
2021 ELIGIBILITY REVIEW CONFERENCE
July 31, 2020

Excerpts from Governing Authorities

California Business and Professions Code section 6210

The Legislature finds that, due to insufficient funding, existing programs providing free legal services in civil matters to indigent persons, especially underserved client groups, such as the elderly, the disabled, juveniles, and non-English-speaking persons, do not adequately meet the needs of these persons. It is the purpose of this article to expand the availability and improve the quality of existing free legal services in civil matters to indigent persons, and to initiate new programs that will provide services to them. The Legislature finds that the use of funds collected by the State Bar pursuant to this article for these purposes is in the public interest, is a proper use of the funds, and is consistent with essential public and governmental purposes in the judicial branch of government. The Legislature further finds that the expansion, improvement, and initiation of legal services to indigent persons will aid in the advancement of the science of jurisprudence and the improvement of the administration of justice.

California Business and Professions Code section 6213

As used in this article:

(a) “Qualified legal services project” means either of the following:

(1) A nonprofit project incorporated and operated exclusively in California that provides as its primary purpose and function legal services without charge to indigent persons and that has quality control procedures approved by the State Bar of California.

(2) A program operated exclusively in California by a nonprofit law school accredited by the State Bar of California that meets the requirements of subparagraphs (A) and (B).

(A) The program shall have operated for at least two years at a cost of at least twenty thousand dollars (\$20,000) per year as an identifiable law school unit with a primary purpose and function of providing legal services without charge to indigent persons.

(B) The program shall have quality control procedures approved by the State Bar of California.

[subsections (b) and (c) omitted]

(d) "Indigent person" means a person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free services under the Older Americans Act or Developmentally Disabled Assistance Act. With regard to a project that provides free services of attorneys in private practice without compensation, "indigent person" also means a person whose income is 75 percent or less of the maximum levels of income for lower income households as defined in Section 50079.5 of the Health and Safety Code. For the purpose of this subdivision, the income of a person who is disabled shall be determined after deducting the costs of medical and other disability-related special expenses.

[subsections (e) through (k) omitted]

California Business and Professions Code section 6214

(a) Projects meeting the requirements of subdivision (a) of Section 6213 which are funded either in whole or part by the Legal Services Corporation or with Older American Act funds shall be presumed qualified legal services projects for the purpose of this article.

(b) Projects meeting the requirements of subdivision (a) of Section 6213 but not qualifying under the presumption specified in subdivision (a) shall qualify for funds under this article if they meet all of the following additional criteria:

(1) They receive cash funds from other sources in the amount of at least twenty thousand dollars (\$20,000) per year to support free legal representation to indigent persons.

(2) They have demonstrated community support for the operation of a viable ongoing program.

(3) They provide one or both of the following special services:

(A) The coordination of the recruitment of substantial numbers of attorneys in private practice to provide free legal representation to indigent persons or to qualified legal services projects in California.

(B) The provision of legal representation, training, or technical assistance on matters concerning special client groups, including the elderly, the disabled, juveniles, and non-English-speaking groups, or on matters of specialized substantive law important to the special client groups.

California Business and Professions Code section 6216

The State Bar shall distribute all moneys received under the program established by this article for the provision of civil legal services to indigent persons. The funds first shall be distributed 18

months from the effective date of this article, or upon such a date, as shall be determined by the State Bar, that adequate funds are available to initiate the program. Thereafter, the funds shall be distributed on an annual basis. All distributions of funds shall be made in the following order and in the following manner:

(a) To pay the actual administrative costs of the program, including any costs incurred after the adoption of this article and a reasonable reserve therefor.

(b) Eighty-five percent of the funds remaining after payment of administrative costs allocated pursuant to this article shall be distributed to qualified legal services projects. Distribution shall be by a pro rata county-by-county formula based upon the number of persons whose income is 125 percent or less of the current poverty threshold per county. For the purposes of this section, the source of data identifying the number of persons per county shall be the latest available figures from the United States Department of Commerce, Bureau of the Census. Projects from more than one county may pool their funds to operate a joint, multicounty legal services project serving each of their respective counties.

(1) (A) In any county which is served by more than one qualified legal services project, the State Bar shall distribute funds for the county to those projects which apply on a pro rata basis, based upon the amount of their total budget expended in the prior year for legal services in that county as compared to the total expended in the prior year for legal services by all qualified legal services projects applying therefor in the county. In determining the amount of funds to be allocated to a qualified legal services project specified in paragraph (2) of subdivision (a) of Section 6213, the State Bar shall recognize only expenditures attributable to the representation of indigent persons as constituting the budget of the program.

(B) The State Bar shall reserve 10 percent of the funds allocated to the county for distribution to programs meeting the standards of subparagraph (A) of paragraph (3) and paragraphs (1) and (2) of subdivision (b) of Section 6214 and which perform the services described in subparagraph (A) of paragraph (3) of Section 6214 as their principal means of delivering legal services. The State Bar shall distribute the funds for that county to those programs which apply on a pro rata basis, based upon the amount of their total budget expended for free legal services in that county as compared to the total expended for free legal services by all programs meeting the standards of subparagraph (A) of paragraph (3) and paragraphs (1) and (2) of subdivision (b) of Section 6214 in that county. The State Bar shall distribute any funds for which no program has qualified pursuant hereto, in accordance with the provisions of subparagraph (A) of paragraph (1) of this subdivision.

(2) In any county in which there is no qualified legal services projects providing services, the State Bar shall reserve for the remainder of the fiscal year for distribution the pro rata share of funds as provided for by this article. Upon application of a qualified legal services project proposing to provide legal services to the indigent of the county, the

State Bar shall distribute the funds to the project. Any funds not so distributed shall be added to the funds to be distributed the following year.

[subsection (c) omitted]

State Bar Rule 3.671: Primary purpose and function

- (A) A qualified legal services project is required by statute to have as its primary purpose and function providing legal services without charge to indigent persons. A qualified legal services project applying for Trust Fund Program funds is presumed to have such a purpose and function if 75% or more of the budget for the fiscal year for which it is seeking funds is designated to provide free legal services to indigents, and 75% or more of its expenditures for the most recent reporting year were incurred for such services. The calculation of 75% of expenditures may include a reasonable share of administrative and overhead expenses.

[subsection (B) omitted]

- (C) A qualified legal services project or qualified support center that does not meet the 75% test may nevertheless apply, provided that the applicant can satisfactorily demonstrate that it meets the primary purpose and function requirement by other means.

State Bar Rule 3.672: Delivery of Legal Services

- (A) “Legal services” include all professional services provided by a licensee of the State Bar and similar or complementary services of a law student or paralegal under the supervision and control of a licensee of the State Bar in accordance with law.

[subsection (B) omitted]

Eligibility Guidelines for Legal Services Projects, Guideline 2.3.1.

2.3.1. provides civil legal services

Commentary:

You must provide legal services within the definition of Rule 3.672(A). That rule provides that “legal services include all professional services provided by a member of the State Bar, and similar or complementary services of a law student or a paralegal under the supervision and control of a member of the State Bar in accordance with law.” If your organization provides services in addition to legal services, your application must describe those other activities, identify the percentage of the overall services provided that are not legal services, and state the basis by which you computed that percentage. [Rule 3.671(A)]

Eligibility Guidelines for Legal Services Projects, Guideline 2.3.2.

2.3.2. without charge

Commentary:

Payments by clients for costs and expenses or a processing fee of \$20 or less shall not be considered a “charge” for legal services, so long as the processing fee is administered so that it does not prevent indigent persons from receiving services. If you charge a processing fee, you must establish procedures for waiving the fee for all clients who cannot afford it. You must inform prospective clients of the availability of a waiver at the same time and in the same manner that they are informed of the fee, and in a language the client can understand.

If you charge a processing fee, your application must include information about established procedures for waiving the fee for clients who cannot afford it. The maximum of \$10 per processing fee will be regarded as a qualified expenditure.

If you charge some clients amounts in excess of costs, your application must state the percentage of your work in which such charges are made, and the basis for computing that percentage.

If attorneys’ fees are generated through court awards, such fees must be used to provide further civil legal services without charge to indigent persons. [Rule 3.673(B)]

“Costs and expenses” include any out-of-pocket expenses incurred by the organization (or by pro bono attorneys recruited by the organization), including recoverable costs of litigation, copying charges, telephone charges, postage charges, and other out-of-pocket expenses normally charged to clients by attorneys in private practice. An applicant may be considered as providing legal services without charge within the meaning of Guideline 2.3.2 in spite of charges to clients for such items. [Rule 3.673(B)]

Eligibility Guidelines for Legal Services Projects, Guideline 2.3.4.

2.3.4. who are indigent

Commentary:

An indigent person is defined by the Business and Professions Code §§6213(d), 6213(g), 6213(h), and 6213(i) as follows: “Indigent person means a person whose income is (1) 125 percent or less of the current poverty threshold established by the United States Office of Management and Budget, or (2) who is eligible for Supplemental Security Income or free

services under the Older Americans Act or Developmentally Disabled Assistance Act. With regard to a project which provides free services of attorneys in private practice without compensation, indigent person also means a person whose income is 75 percent or less of the maximum levels of income for lower income households as defined in §50079.5 of the Health and Safety Code. For the purpose of this subdivision, the income of a person who is disabled shall be determined after deducting the costs of medical and other disability-related special expenses.”

Your application must state the percentage of your organization’s services that were provided during the previous calendar year to clients who did not fall within this definition. You must adopt written financial eligibility guidelines. If your eligibility criteria includes persons who are not indigent within the definition of §6213(d) above, explain how you determined the percentage of clients served that falls outside the definition. If you did not have written financial eligibility guidelines in the prior year, your application must explain the basis of your computation of percentage and supply objective support for the computation. [B&P Code §§6213(d) and 6218]

If you provide legal services for the benefit of a group or class of persons beyond the specific individuals or organizations who are your clients, you may consider the services as “legal services provided to indigent persons” only if the legal matter is primarily for the benefit of indigent persons.

In determining whether a legal matter is primarily for the benefit of indigent persons, the Commission may consider the following factors and any others that aid in making that determination: (1) the forum in which the matter is being pursued, e.g., courts, administrative agency, legislature, etc.; (2) whether named clients are indigent persons or qualifying organizations (under Commentary 2.3.3 above); (3) in the case of a class action, the definition of the class contained in the complaint and proposed or actual class certification orders; (4) a description of the group of individuals that would benefit from a favorable resolution of the legal matter; (5) whether a majority of those who would benefit are indigent persons; (6) the relation of the legal issues raised by the matter to the needs of indigent persons; and (7) whether indigent persons are disproportionately impacted by the legal issues raised by the matter.

If legal services for the benefit of a group or class of persons beyond the specific individuals or organizations who are your clients constitute more than ten percent of your legal services, your application must identify the ten such legal matters on which you expended the largest amount of funds in the prior calendar year. For each of the matters so identified in your application, describe who would benefit from the services, state whether the matter is primarily for the benefit of indigent persons and, if so, explain the reasons you reached that conclusion. For any

such matter that is primarily for the benefit of indigent persons, your description should include the information listed as items (1) through (7) in the preceding paragraph; you must quantify the percentage of your clients who are indigent persons (or organizations qualifying under Commentary 2.3.3 above) and the percentage of the persons who would benefit from the services who are indigent persons. Explain the basis of this information. You need not disclose information protected by the attorney-client privilege.

If some portion of your legal services are for the benefit of a group or class of persons beyond your specific clients and are not primarily for the benefit of indigent persons, identify the percentage of overall services provided in such matters and explain the basis of your computation.

Eligibility Guidelines for Legal Services Projects, Guideline 2.3.5.

2.3.5. as the primary purpose and function of the corporation.

Commentary:

Your application must state the net percentage of the corporation's overall expenses that were incurred in the previous calendar year to provide civil legal services without charge to persons who are indigent. You are required to demonstrate the corporation's primary purpose, and not simply the primary purpose of a part of the corporation. (If your project is operated by a law school, see the last section of this Commentary on Guideline 2.3.5.) If more than 75 percent of the corporation's expenditure budget for the fiscal year for which it is seeking an allocation is designated for the provision of civil legal services without charge to persons who are indigent, and if 75 percent of its expenditures for the most recent reporting year were incurred for such legal services, the corporation will be presumed to meet the primary purpose and function test. In demonstrating your compliance with this 75 percent test, you cannot include the value of donated services. [Rule 3.671(A)]

An applicant not qualifying for the 75 percent presumption may nevertheless apply for an allocation, demonstrating its purpose and function by other means. An applicant not qualifying for the presumption shall state separately each purpose and function of the corporation, and state what percentage of the expenditures in the most recent calendar year, and what percentage of the budget in the upcoming year, are allocated to each of these separate purposes and functions. The application shall further state the basis for these allocations. [Rule 3.671(C)]

In addition to this submission of expenditure and of budget information, primary purpose and function can be additionally supported by historic expenditure information, by the organization's stated purpose in articles, bylaws or policy statements or case priority guidelines,

or by the demonstrated track record of the applicant in providing legal services without charge to indigent persons.

An applicant that operated in previous years as a project within an organization providing substantial services other than legal services to indigent persons, or as an entity other than a corporation, but which has since become a separate California nonprofit corporation whose primary purpose and function is the provision of legal services without charge to indigent persons, may establish its status as a qualified legal services project and its proportionate entitlement to funds based upon financial statements which strictly segregate that portion of the organization's expenditures in prior years which were devoted to civil legal services for indigents. Thus, if you are recently incorporated and previously operated as a part of an umbrella organization, you may utilize the expenditures of your predecessor organization so long as financial statements strictly segregate the expenditures for such legal services.

If your legal services program is operated by an accredited nonprofit law school, you are required only to demonstrate the program's primary purpose, and not the corporation's primary purpose. Your program must be operated exclusively in California and the law school must be accredited by the State Bar of California. The program must have operated for at least two years at a cost of at least \$20,000 per year, as an identifiable law school unit with the primary purpose and function of providing civil legal services without charge to indigent persons. The program may meet the primary purpose test according to the 75 percent test described above or by demonstrating its purpose and function through other means described above. [B&P Code §6213(a)(2)]



Consolidated Financial Statements
For the Years Ended
June 30, 2019 and 2018



Report of Independent Auditors

To the Board of Trustees of the University of Southern California

We have audited the accompanying consolidated financial statements of the University of Southern California and its subsidiaries (collectively the “University”), which comprise the consolidated balance sheets as of June 30, 2019 and 2018, and the related consolidated statements of activities and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the consolidated 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 University'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of Southern California and its subsidiaries as of June 30, 2019 and 2018, and their changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

December 16, 2019

Consolidated Balance Sheets

in thousands

	June 30, 2019	June 30, 2018
Assets		
1 Cash and cash equivalents	\$1,042,239	\$818,978
2 Accounts receivable, net	471,711	461,051
3 Notes receivable, net	61,066	68,585
4 Pledges receivable, net	462,329	570,186
5 Investments	6,351,236	6,231,311
6 Inventories, prepaid expenses and other assets	386,941	278,831
7 Property, plant and equipment, net	4,363,842	4,174,090
8 Total Assets	\$13,139,364	\$12,603,032
Liabilities		
9 Accounts payable	\$285,359	\$273,631
10 Accrued liabilities	1,373,097	750,430
11 Refundable advances	21,477	15,974
12 Deposits and deferred revenue	257,066	261,894
13 Actuarial liability for annuities payable	104,442	108,842
14 Federal student loan funds	67,936	64,319
15 Asset retirement obligations	132,918	126,865
16 Capital lease obligations	75,869	74,222
17 Bonds and notes payable	1,626,346	1,652,388
18 Other liabilities	6,692	4,936
19 Total Liabilities	3,951,202	3,333,501
Net Assets		
20 Without donor restrictions	4,279,003	4,331,141
21 With donor restrictions	4,909,159	4,938,390
22 Total Net Assets	9,188,162	9,269,531
23 Total Liabilities and Net Assets	\$13,139,364	\$12,603,032

The accompanying notes are an integral part of these statements.

Consolidated Statements of Activities

in thousands

			Year Ended June 30, 2019
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Operating			
Revenues:			
1 Net student tuition and fees	\$1,575,446		\$1,575,446
2 Health care services	1,890,318		1,890,318
3 Contracts and grants	571,059		571,059
4 Auxiliary enterprises	372,584		372,584
5 Sales and services	157,850		157,850
6 Contributions	273,875		273,875
7 Other	139,619		139,619
8 Allocation of endowment spending	245,579		245,579
9 Total Revenues	5,226,330		5,226,330
10 Net assets released from restrictions	228,859	(\$228,859)	
11 Total Revenues and Reclassifications	5,455,189	(228,859)	5,226,330
Expenses:			
12 Salaries and benefits	3,114,194		3,114,194
13 Operating expenses	2,162,650		2,162,650
14 Depreciation	281,159		281,159
15 Interest on indebtedness	64,324		64,324
16 Total Expenses	5,622,327		5,622,327
17 Decrease in Net Assets from Operating Activities	(167,138)	(228,859)	(395,997)
Non-operating			
18 Allocation of endowment spending to operations	(112,895)	(132,684)	(245,579)
19 Changes in funding status of defined benefit plan	13,165		13,165
20 Investment and endowment income	88,343	549	88,892
21 Net appreciation in fair value of investments	59,833	155,668	215,501
22 Contributions	5,973	166,914	172,887
23 Present value adjustment to annuities payable		9,181	9,181
24 Increase in Net Assets from Non-operating Activities	54,419	199,628	254,047
25 Total decrease in Net Assets	(112,719)	(29,231)	(141,950)
26 Beginning Net Assets	4,331,141	4,938,390	9,269,531
27 Cumulative effect of accounting change	60,581		60,581
28 Beginning Net Assets, as restated	4,391,722	4,938,390	9,330,112
29 Ending Net Assets	\$4,279,003	\$4,909,159	\$9,188,162

The accompanying notes are an integral part of these statements.

Consolidated Statements of Activities

in thousands

			Year Ended June 30, 2018
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Operating			
Revenues:			
1 Student tuition and fees	\$2,043,455		\$2,043,455
2 Less financial aid	(556,121)		(556,121)
3 Net student tuition and fees	1,487,334		1,487,334
4 Health care services	1,726,724		1,726,724
5 Contracts and grants	515,956		515,956
6 Auxiliary enterprises	375,898		375,898
7 Sales and services	163,052		163,052
8 Contributions	292,758		292,758
9 Other	138,208		138,208
10 Allocation of endowment spending	236,896		236,896
11 Total Revenues	4,936,826		4,936,826
12 Net assets released from restrictions	155,927	(\$155,927)	
13 Total Revenues and Reclassifications	5,092,753	(155,927)	4,936,826
Expenses:			
14 Salaries and benefits	2,808,353		2,808,353
15 Operating expenses	1,693,235		1,693,235
16 Depreciation	261,462		261,462
17 Interest on indebtedness	65,725		65,725
18 Expenses before Settlement	4,828,775		4,828,775
19 Increase (decrease) in Net Assets from Operating Activities before Settlement	263,978	(155,927)	108,051
20 Settlement (refer to Note 14)	215,000		215,000
21 Increase (decrease) in Net Assets from Operating Activities	48,978	(155,927)	(106,949)
Non-operating			
22 Allocation of endowment spending to operations	(97,462)	(139,434)	(236,896)
23 Changes in funding status of defined benefit plan	23,433		23,433
24 Investment and endowment income	67,665	737	68,402
25 Net appreciation in fair value of investments	124,229	336,557	460,786
26 Contributions	13,083	265,664	278,747
27 Present value adjustment to annuities payable		1,790	1,790
28 Increase in Net Assets from Non-operating Activities	130,948	465,314	596,262
29 Total increase in Net Assets	179,926	309,387	489,313
30 Beginning Net Assets	4,151,215	4,629,003	8,780,218
31 Ending Net Assets	\$4,331,141	\$4,938,390	\$9,269,531

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

in thousands

	Year Ended June 30, 2019	Year Ended June 30, 2018
Cash Flows from Operating Activities		
1 Change in Net Assets	(\$81,369)	\$489,313
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
2 Depreciation and amortization	281,159	261,462
3 Loss on the disposal/sale of plant assets	248	1,160
4 In-kind receipt of property, plant and equipment	(4,797)	(1,624)
5 Present value adjustment to annuities payable	(9,003)	(1,663)
6 Increase in accounts receivable	(10,660)	(54,421)
7 Decrease (increase) in pledges receivable	9,528	(64,109)
8 Increase in inventories, prepaid expenses and other assets	(22,472)	(46,188)
9 Decrease in accounts payable	(410)	(34,017)
10 Increase in accrued liabilities	505,825	263,974
11 Increase (decrease) in refundable advances	5,503	(2,216)
12 (Decrease) increase in deposits and deferred revenue	(4,827)	15,253
13 Increase in other liabilities	1,756	1,493
14 Contributions restricted for property, plant and equipment and permanent investment	(163,965)	(242,161)
15 Net realized gain on sale of investments	(185,014)	(228,398)
16 Net unrealized appreciation in investments	(28,396)	(232,402)
17 Net Cash provided by Operating Activities	293,106	125,456
Cash Flows from Investing Activities		
18 Proceeds from note collections	12,972	16,372
19 Notes issued	(4,612)	(10,251)
20 Proceeds from sale and maturity of investments	4,775,556	4,471,561
21 Purchase of investments	(4,652,547)	(4,495,337)
22 Purchase of property, plant and equipment	(448,171)	(420,545)
23 Net Cash used in Investing Activities	(316,802)	(438,200)
Cash Flows from Financing Activities		
Contributions restricted for permanent investment:		
24 Endowment	190,368	223,520
25 Plant	70,632	139,252
26 Trusts and other	1,292	1,947
27 Repayment of long-term debt	(23,555)	(1,400)
28 Increase (decrease) in federal student loan funds	3,617	(1,330)
29 Investment gain (loss) on annuities payable	8,500	(6,667)
30 Payment on annuities payable	(11,007)	(11,315)
31 Increase to annuities payable resulting from new contributions	7,110	4,210
32 Net Cash provided by Financing Activities	246,957	348,217
33 Net increase in Cash and Cash equivalents	223,261	35,473
34 Cash and Cash equivalents at beginning of year	818,978	783,505
35 Cash and Cash equivalents at end of year	\$1,042,239	\$818,978

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Note 1.

Significant Accounting Policies Followed by the University of Southern California are Set Forth Below:

General:

The University of Southern California (“university”) is a not-for-profit (“NFP”), major private research university. The university is generally exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The university is also generally exempt from payment of California state income, gift, estate and inheritance taxes.

Basis of Presentation:

The consolidated financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America and with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, which requires the university to classify its net assets into two categories according to donor-imposed restrictions: net assets without donor-imposed restrictions and net assets with donor-imposed restrictions. All material transactions between the university and its subsidiaries have been eliminated.

Net Assets Without and With Donor Restrictions:

Net assets without donor restrictions are the part of net assets of a not-for-profit entity that are not subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following: a) the nature of the not-for-profit entity, b) the environment in which it operates and c) the purposes specified in its articles of incorporation or bylaws or comparable documents.

This classification includes all revenues, gains and expenses not restricted by donors. The university reports all expenses, with the exception of investment expenses, which are required to be netted against investment return, in this class of net assets, since the use of restricted contributions in accordance with donors’ stipulations results in the release of the restriction.

The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions includes contributions for which donor-imposed restrictions have not been met (primarily future capital projects), endowment appreciation, charitable remainder unitrusts, pooled income funds, gift annuities and pledges receivable.

Measure of Operations:

The university’s measure of operations as presented in the consolidated statements of activities includes revenue from tuition (net of certain scholarships and fellowships) and fees, grants and contracts, health care services, contributions for operating programs, the allocation of endowment spending for operations and other revenues. Operating expenses are reported on the consolidated statements of activities by natural classification.

The university’s non-operating activity within the consolidated statements of activities includes investment returns and other activities related to endowment, long-term benefit plan obligation funding changes, student loan net assets and contributions related to land, buildings and equipment that are not part of the university’s operating activities.

Other Accounting Policies:

Cash and cash equivalents consist of U.S. Treasury bills, certificates of deposit, money market funds and all other short-term investments available for current operations with original maturities of 90 days or less at the time of purchase.

Notes to Consolidated Financial Statements

Note 1. (continued)

Investments are stated at fair value. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is shown in the consolidated statements of activities. Realized gains and losses upon the sale of investments are calculated using the specific identification method and trade date.

Alternative investment holdings and certain other limited partnership interests are invested in both publicly traded and privately owned securities. The fair values of private investments are based on estimates and assumptions of the general partners or partnership valuation committees in the absence of readily determinable market values. Such valuations generally reflect discounts for illiquidity and consider variables such as financial performance of investments, recent sales prices of investments and other pertinent information.

The university applies the provision of FASB ASC 820, *Fair Value Measurements*, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the university for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level I - Quoted prices in active markets for identical assets or liabilities.
- Level II - Inputs other than Level I that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level III - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level III investments are valued by the university based upon valuation information received from the relevant entity, which may include last trade information, third-party appraisals of real estate or valuations prepared by custodians for assets held in trusts by other trustees where the university is named as a beneficiary. The university may also utilize industry standard valuation techniques, including discounted cash flow models. Significant increases or decreases in these inputs in isolation may result in a significantly lower or higher fair value measurement, respectively.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The university applies the authoritative guidance contained in FASB ASC 820-10, *Fair Value Measurements and Disclosures*, for estimating the fair value of investments in investment funds that have calculated Net Asset Value (NAV) per share in accordance with FASB ASC 946-10, Financial Services-Investment Companies (formerly the American Institute of Certified Public Accountants Audit and Accounting Guide, Investment Companies). According to this guidance, in circumstances in which NAV per share of an investment is not determinative of fair value, a reporting entity is permitted to estimate the fair value of an investment in an investment fund using the NAV per share of the investment (or its equivalent) without further adjustment, if the NAV per share of the investment is determined in accordance with FASB ASC 946-10 as of the reporting entity's measurement date. Accordingly, the university uses the NAV as reported by the money managers as a practical expedient to determine the fair value of investments in investment funds which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment fund or prepare their financial statements consistent with the measurement principles of an investment fund. At June 30, 2019 and 2018, the fair value of all such investments in investment funds has been determined by using NAV as a practical expedient, adjusted for capital calls, distributions and significant known valuation changes, if any, of its related portfolio.

Inventories are valued at the lower of cost (first-in, first-out) or market.

Notes to Consolidated Financial Statements

Note 1. (continued)

Property, plant and equipment, including collections of works of art and historical treasures, are stated at cost or fair value at the date of contribution, plus the estimated value of any associated legal retirement obligations, less accumulated depreciation, computed on a straight-line basis over the estimated useful or component lives of the assets (equipment and library books useful lives ranging from 4 to 10 years and buildings component lives ranging from 5 to 50 years). Equipment is removed from the records at the time of disposal. The university follows the policy of recording contributions of long-lived assets directly in without donor restrictions, when the asset is placed in service.

The university's split interest agreements with donors consist primarily of gift annuities, unitrusts, pooled income funds and life estates. For irrevocable agreements, assets contributed are included in the university's investments and stated at fair value. Contribution revenue is recognized at the date each trust is established after recording liabilities for the actuarially determined present value of the estimated future payments to be made to the beneficiaries. The actuarial liability is discounted at an appropriate risk-adjusted rate at the inception of each agreement and the applicable actuarial mortality tables. Discount rates on split interest agreements range from 2.2% to 7.5%. The liabilities are adjusted during the terms of the trusts for changes in the fair value of the assets, accretion of discounts and other changes in the estimates of future benefits. The valuation follows generally accepted actuarial methods and is based on the requirements of FASB ASC 958.

The 2012 Individual Annuity Mortality Basic Table (without margin) for Males and Females with Projection Scale G2 for Males and Females were used in the valuations. For split interest agreements related to the state of Washington, the university holds a Certificate of Exemption issued by the state of Washington's Office of Insurance Commissioner to issue charitable gift annuities. The university has been in compliance with Revised Code of Washington 48.38.010(6) throughout the time period covered by the financial statements.

The university has recorded conditional asset retirement obligations associated with the legally required removal and disposal of certain hazardous materials, primarily asbestos, present in its facilities. When an asset retirement obligation is identified, the university records the fair value of the obligation as a liability. The fair value of the obligation is also capitalized as property, plant and equipment and then amortized over the estimated remaining useful life of the associated asset. The fair value of the conditional asset retirement obligations is estimated using a probability weighted, discounted cash flow model. The present value of future estimated cash flows is calculated using the credit adjusted interest rate applicable to the university in order to determine the fair value of the conditional asset retirement obligations. For the years ended June 30, 2019 and 2018, the university recognized accretion expense related to conditional asset retirement obligations of approximately \$6,526,000 and \$6,237,000, respectively. For the years ended June 30, 2019 and 2018, the university settled asset retirement obligations of approximately \$944,000 and \$1,000,000, respectively. As of June 30, 2019 and 2018, included in the consolidated balance sheets are asset retirement obligations of \$132,918,000 and \$126,865,000, respectively.

The university recognizes tuition and fees revenue on a straight-line basis over each academic session based on gross price, net of explicit price concessions such as scholarships, discounts and waivers ("Financial aid"), and is displayed in the consolidated statements of activities in "Tuition and fees". Given the timing of each year's academic sessions, nearly all performance obligations are satisfied by the university within the fiscal year. Tuition and fees revenue is derived from degree programs and executive and continuing education programs. Financial aid is awarded to students based on need and merit. Financial aid does not include payments made to students for services rendered to the university.

Financial aid for the year ended June 30, 2019, consists of the following (in thousands):

	Undergraduate	Graduate	Total
Institutional scholarships	\$330,683	\$170,758	\$501,441
Endowed scholarships	36,488	18,842	55,330
External financial aid	30,182	15,585	45,767
Total	\$397,353	\$205,185	\$602,538

Notes to Consolidated Financial Statements

Note 1. (continued)

Financial aid for the year ended June 30, 2018, consists of the following (in thousands):

	Undergraduate	Graduate	Total
Institutional scholarships	\$302,203	\$166,884	\$469,087
Endowed scholarships	28,938	15,980	44,918
External financial aid	27,132	14,984	42,116
Total	\$358,273	\$197,848	\$556,121

Room and board revenues are included as part of auxiliary enterprises, however the revenue recognition process mirrors that for tuition and fees. Each of these items is supported by separate contracts entered into between the university and the individual student. Tuition and fees and room and board revenues are recognized as operating revenue in the period in which the university satisfies its performance obligations to its students. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of accounting in ASC 606. The university's performance obligations are to provide education to the student and, in certain instances, other performance obligations such as room and board. The value that is recognized for each performance obligation is set forth in publicly available university price lists, which the university believes approximates the stand alone selling price, and is codified in the individual contracts with each student. Individual contracts for tuition and fees and room and board display the transaction price on a standalone basis for each service to be provided to each specific student. Additionally, the contract will contain the price adjustment in the form of financial aid grants that are being awarded to the student.

The timing(s) of billings, cash collections and revenue recognition results in accounts receivable and deferred revenue and student deposits on the consolidated statements of financial position. Receivables are recognized only to the extent that the university has an unconditional right to consideration to which it is entitled in exchange for goods and services transferred to the student. Receipts received in advance of goods and services performed are recorded as deferred revenue and student deposits.

Sponsored research agreements are primarily considered non-exchange transactions which are recognized in contracts and grants revenue on the consolidated statements of activities as the associated barriers are overcome, which generally is as allowable expenditures under such agreements are incurred. Non-exchange agreements are considered conditional if the terms of the agreement include both a right of return/release of assets received/promised and a barrier. Any funding received in advance of expenditure is recorded as a refundable advance. For sponsored research agreements considered to be exchange transactions, revenues are recognized as performance obligations are satisfied which in most cases mirrors the timing of when related costs are incurred. Net assets include contributions to the university and its various schools and departments. The university has determined that any donor-imposed restrictions of contributions for current or developing programs and activities are generally met within the operating cycle of the university and therefore, the university's policy is to record these net assets as without donor restrictions. Internally designated net assets are those which have been appropriated by the Board of Trustees or designated by management, and reflected in net assets without donor restrictions.

The university receives federal reimbursement for a portion of the costs of its facilities and equipment used in organized sponsored research. The federal Office of Management and Budget establishes principles for determining such reimbursable costs and requires conformity of the lives and methods used for federal cost reimbursement accounting and financial reporting purposes. The university's policies and procedures are in conformity with these principles.

Contributions from donors, including contributions receivable (unconditional promises to give), are recorded as revenues in the year received. Noncash contributions are recorded at fair value using quoted market prices, market prices for similar assets, independent appraisals or appraisals performed by university management. Contributions receivable are reported at their discounted value using credit-adjusted borrowing rates and an allowance for amounts estimated to be uncollectible is provided. Donor-restricted contributions, which are received and either spent or deemed spent within the same year, are reported as revenue without donor restrictions.

Notes to Consolidated Financial Statements

Note 1. (continued)

Contributions of long-lived assets with no donor-imposed time restrictions are reported as revenue without donor restrictions in the year received. Contributions restricted to the acquisition or construction of long-lived assets or subject to other time or purpose restrictions are reported as revenue with donor restrictions. The donor-restricted net assets resulting from these contributions are released to net assets without donor-restricted when the donor-imposed restrictions are fulfilled or the assets are placed in service. Contributions received for endowment investment are held in perpetuity and recorded as revenue with donor restrictions. Included in contributions on the consolidated statements of activities is a reclassification of private contracts and grants revenue. For the years ended June 30, 2019 and 2018, the university recognized approximately \$145,000,000 and \$164,000,000 of private contracts and grants revenue in contributions on the consolidated statements of activities.

Health care services revenues include the net patient service revenues associated with Keck Hospital of USC, USC Norris Cancer Hospital, USC Verdugo Hills Hospital and USC Care Medical Group, Inc. Healthcare services revenue is reported at the amount that reflects the consideration to which the organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors, government programs and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the university bills patients and third-party payors several days after the services are performed or the patient is discharged. Revenue is recognized as performance obligations are satisfied. Health care services revenues also include the revenues associated with the professional services agreement with the County of Los Angeles.

The majority of the Hospitals' services are rendered to patients with commercial or managed care insurance, or under the federal Medicare and California State Medi-Cal programs. Reimbursement from these various payors is based on a combination of prospectively determined rates per discharge, per diem payments, discounted charges and reimbursed costs. Amounts received under the Medicare program are subject to retroactive settlements based on review and final determination by program intermediaries or their agents. The gross charges may be reduced by explicit price concessions, which include contractual adjustments based on agreements with third party payors or implicit price concessions provided to uninsured patients. Provisions for contractual adjustments and retroactive settlements related to these payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as additional information becomes known or as final settlements are determined.

Net patient service revenue is recorded over time during the period these performance obligations are satisfied and at the determined transaction price, which represents the estimated net realizable amounts due from patients, third-party payers and others for health care services rendered. Estimated net realizable amounts represent amounts due, net of implicit and explicit price concessions. Implicit price concessions are based on management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage and other collection indicators. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The university believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving inpatient acute care or patients receiving care in our outpatient centers. The university measures the performance obligation from admission into the hospital or commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services.

Sales and Services revenue include revenues from university pharmacies and student clinics. The university recognizes revenue as it provides pharmaceutical products and consultative services to the community (students, faculty, staff, retired employees, alumni, broader Los Angeles market). The transaction price is the amount the university expects to be entitled to in exchange for the products provided (either published rates available on the university pharmacy websites or agreed upon rates from third party payers). Retail pharmacy sales revenue is recognized at a point in time when the pharmaceutical is provided to the patient, and consultative services, although the performance obligation meets over time revenue recognition as the patient benefits over time from the university, revenue is recognized at a point in time. This is due to consultative services being outpatient in nature, and thus, all services are provided on the same day.

Notes to Consolidated Financial Statements

Note 1. (continued)

Auxiliary enterprise revenue includes multiple revenue streams which are included in the consolidated statements of activities, and reported as net assets without donor restrictions. These multiple revenue streams include point of sale transactions from hospitality, food, beverage, bookstore transactions, transportation and revenue generated from athletics. Revenue generated from hospitality, food, beverage, and bookstore goods is recognized at a point in time, and the value that is recognized for each performance obligation is explicitly listed at each location, which the university believes approximates the stand alone transaction price. The transaction price for revenue related to athletics is publicly available on the university Ticket Office website. The performance obligation related to football season tickets is completely satisfied within the fiscal year, and any season ticket sales that occur in advance of the next fiscal year are recognized as deferred revenue.

The preparation of financial statements in conformity 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 and 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 these estimates. Certain reclassifications have been made to prior years' financial statements for comparative purposes.

Recent Accounting Pronouncements:

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 outlines a single comprehensive standard for revenue recognition across all industries and supersedes most existing revenue recognition guidance. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Under ASC 606, amounts recognized as bad debt expense related to healthcare services under the previous revenue recognition guidance are considered implicit price concessions which reduce the revenue that is recorded and no longer requires the presentation of allowance for doubtful accounts. Prior to the adoption of ASC 606, the university presented healthcare services revenue net of bad debt expense and accounts receivable related to patient care, net of allowance for doubtful accounts. Therefore, there was no impact to the presentation of revenue on the consolidated statements of activities as a result of adopting the standard, and the presentation of patient care receivables on the consolidated balance sheets. Furthermore, as a result of this adoption, tuition and fees revenue are recorded net of explicit price concessions such as scholarships, discounts and waivers ("Financial aid"), and displayed in the consolidated statements of activities in "Tuition and fees". Prior to the adoption of ASC 606, the university presented tuition and fees revenue less financial aid on the consolidated statements of activities. The university adopted this standard for fiscal year 2019 using the modified retrospective method for all contracts that are not completed at the adoption date. The adoption of this standard did not materially impact the university's financial position.

In January 2016, the FASB issued Accounting Standards Update (ASU) 2016-01, *Financial Instruments—Overall Recognition and Measurement of Financial Assets and Financial Liabilities*. This update impacts all organizations that hold financial assets and liabilities and changes how these organizations will recognize, measure, present, and disclose information about certain financial instruments. ASU 2016-01 is effective for annual reporting periods beginning after December 15, 2018. The university is currently evaluating the effect of adoption to the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires recognition of rights and obligations arising from lease contracts, including existing and new arrangements, as assets and liabilities on the consolidated balance sheets. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018. The university is currently evaluating the effect of adoption to the financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. The standard addresses the classification of certain transactions within the statement of cash flows, including cash payments for debt repayment or debt extinguishment costs, contingent considerations payments made after a business combination, and distribution received from equity method investments. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The university is currently evaluating the effect of adoption to the financial statements.

Notes to Consolidated Financial Statements

Note 1. (continued)

In November 2016, the FASB issued ASU 2016-18, a standard on Restricted Cash. This standard requires that the Consolidated Statement of Cash Flows explain the change during the period in the total of cash, cash equivalents, restricted cash and restricted cash equivalents (“Total Cash”). Additionally, a disclosure describing the nature of the restrictions and a reconciliation of Total Cash to the amounts of Cash and cash equivalents presented on the consolidated balance sheet is required. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The university is currently evaluating the effect of adoption to the financial statements.

In March 2017, the FASB issued ASU 2017-17, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires that an employer report the service cost component of pension costs in the same line item as employee compensation costs within operating income. The other components of net benefit cost are required to be presented in the consolidated statements of activities separately from the service cost component and outside a subtotal of income from operations, and will not be eligible for capitalization. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The university is currently evaluating the effect of adoption to the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard is intended to clarify and improve the scope and the accounting guidance for contributions received and made. The ASU is effective for fiscal years beginning after June 15, 2018, including interim periods within that annual period. Early adoption is permitted. The university adopted this standard, on a modified prospective basis for fiscal year 2019, and the adoption of this standard did not materially impact the university’s financial position.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This standard removes certain disclosures, modifies certain disclosures and adds additional disclosures related to fair value measurement. The ASU is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The university is currently evaluating the effect of adoption to the financial statements.

Note 2.

Liquidity and Availability:

USC’s financial assets available within one year of the consolidated balance sheet date for general expenditure are as follows as of June 30 (in thousands):

	Year Ended June 30, 2019	Year Ended June 30, 2018
Total assets at year end	\$13,139,364	\$12,603,032
<i>Less:</i>		
Notes receivable due in more than one year	(9,337)	(11,562)
Pledges receivable due in more than one year	(381,413)	(454,270)
Donor-restricted endowment funds	(4,222,348)	(4,060,117)
Board-designated endowment funds	(1,517,217)	(1,484,150)
Annuities and living trusts	(169,328)	(168,332)
Inventories, prepaid expenses and other assets	(127,154)	(124,080)
Property, plant and equipment	(4,363,842)	(4,174,090)
Financial assets available at year end for current use	\$2,348,725	\$2,126,431

Notes to Consolidated Financial Statements

Note 2. (continued)

The university's endowment funds consist of donor-restricted and board-designated endowment funds. Income from donor-restricted endowments is restricted for specific purposes and therefore, is not available for general expenditure. As described in Note 7, for fiscal year 2019 and 2018, the Board of Trustees approved current distribution of 100% of the prior year's payout, within a minimum of 4% and a maximum of 6% of the average market value for the previous 12 calendar quarters. Under the provision of the spending rule, for fiscal year 2019 and 2018, the Board of Trustees approved an endowment pool payout of \$29.45 a share, for a total spending rule allocation of \$246,551,000 and \$233,765,000. As described in Note 6, the university also has unfunded commitments on alternative investments totaling \$749,821,000 and \$656,181,000 for fiscal year 2019 and 2018.

As part of the university's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the university invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the university has committed lines of credit in the amount of \$500,000,000, which it could draw upon. Additionally, the university has a board-designated endowment of \$1,517,217,000 as of June 30, 2019. Although the university does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. However, both the board-designated endowment fund and donor-restricted endowments contain investments with lock-up provisions that reduce the total investments that could be made available (see Note 6 for disclosures about investments).

Note 3.

Accounts Receivable:

Accounts receivable are summarized as follows at June 30 (in thousands):

	2019	2018
U.S. Government	\$40,010	\$37,938
Student and other, net of allowance for doubtful accounts of \$12,505 (2019), \$12,505 (2018)	157,919	187,992
Patient care, net of allowance for doubtful accounts of \$0 (2019), \$13,999 (2018)	273,782	235,121
Total	\$471,711	\$461,051

Note 4.

Notes and Loans Receivable:

The university is required to disclose the nature of credit risk inherent in the portfolio of financing receivables, its analysis and assessment in arriving at the allowance for credit losses (doubtful accounts) and the changes and reasons for those changes in the allowance for credit losses.

Notes to Consolidated Financial Statements

Note 4. (continued)

Long-term financing receivables as of June 30, 2019, consist of the following (in thousands):

	June 30, 2019	
	Financing Receivables, Gross	Allowance for Doubtful Accounts
		Net
Perkins loans	\$38,255	\$38,255
University student loans	8,552	(\$2,106)
Other student loans	16,365	16,365
Total student loans	63,172	(2,106)
Faculty and other loans	31,052	31,052
Total	\$94,224	(\$2,106)

Long-term financing receivables as of June 30, 2018, consist of the following (in thousands):

	June 30, 2018	
	Financing Receivables, Gross	Allowance for Doubtful Accounts
		Net
Perkins loans	\$45,734	\$45,734
University student loans	11,547	(\$2,968)
Other student loans	14,272	14,272
Total student loans	71,553	(2,968)
Faculty and other loans	33,532	33,532
Total	\$105,085	(\$2,968)

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral and where applicable, the existence of any guarantees or indemnifications. The university's Perkins loans represent the amounts due from current and former students under the Federal Perkins Loan Program. Loans disbursed under the Federal Perkins Loan Program are able to be assigned to the federal government in certain non-repayment situations. In these situations, the federal portion of the loan balance is guaranteed. Included in other student loans are loans related to the Federal Health Professional Student Loan Program and Loans for Disadvantaged Students.

Factors also considered by management when performing its assessment of the adequacy of the allowance, in addition to general economic conditions and the other factors described above include, but are not limited to a detailed review of the aging of the student loan receivable detail and a review of the default rate by loan category in comparison to prior years. The level of the allowance is adjusted based on the results of management's analysis. It is the university's policy to write off a loan only when it is deemed to be uncollectible.

Notes to Consolidated Financial Statements

Note 4. (continued)

The following table illustrates the aging analysis of receivables as of June 30, 2019 (in thousands):

	1-60 Days Past Due	61-90 Days Past Due	> 91 Days Past Due	Current	Total Financing Receivables
Perkins loans	\$1,188	\$273	\$6,281	\$30,513	\$38,255
University student loans	135	14	4,221	4,182	8,552
Other student loans	172	-	224	15,969	16,365
Total student loans	1,495	287	10,726	50,664	63,172
Faculty and other loans				31,052	31,052
Total	\$1,495	\$287	\$10,726	\$81,716	\$94,224

The following table illustrates the aging analysis of receivables as of June 30, 2018 (in thousands):

	1-60 Days Past Due	61-90 Days Past Due	> 91 Days Past Due	Current	Total Financing Receivables
Perkins loans	\$1,164	\$210	\$6,865	\$37,495	\$45,734
University student loans	277	14	5,940	5,316	11,547
Other student loans	417	8	308	13,539	14,272
Total student loans	1,858	232	13,113	56,350	71,553
Faculty and other loans				33,532	33,532
Total	\$1,858	\$232	\$13,113	\$89,882	\$105,085

Considering the other factors already discussed herein, management considers the allowance for credit losses to be prudent and reasonable. Furthermore, the university's allowance is general in nature and is available to absorb losses from any loan category. Management believes that the allowance for credit losses at June 30, 2019 and 2018, is adequate to absorb credit losses inherent in the portfolio as of these dates.

As part of the program to attract and retain exemplary faculty and senior staff, the university provides home mortgage financing assistance. Notes receivable amounting to \$31,052,000 and \$33,532,000 were outstanding as of June 30, 2019 and 2018, respectively, and are collateralized by deeds of trust. No allowance for doubtful accounts has been recorded against these loans based on their collateralization and prior collection history. At June 30, 2019, there were no amounts past due under the faculty and staff loan program.

Determination of the fair value of notes receivable, which are primarily federally sponsored student loans with U.S. government-mandated interest rates and repayment terms, and subject to significant restrictions as to their transfer or disposition, could not be made without incurring excessive costs.

Note 5.

Pledges Receivable:

Unconditional promises are included in the consolidated financial statements as pledges receivable and revenue in the appropriate net asset category. Pledges are recorded after discounting using rates ranging from 1% to 6% in order to derive the present value of the future cash flows.

Notes to Consolidated Financial Statements

Note 5. (continued)

Unconditional promises are expected to be realized in the following periods as of June 30 (in thousands):

	2019	2018
Less than one year	\$80,916	\$115,916
One to five years	313,667	362,714
More than five years	194,727	242,007
Less: discount	(75,398)	(94,478)
Less: allowance	(51,583)	(55,973)
Total	\$462,329	\$570,186

Pledges receivable at June 30 have the following restrictions (in thousands):

	2019	2018
Endowment for departmental programs and activities	\$203,837	\$254,888
Endowment for scholarship	28,133	28,492
Building construction	97,515	144,507
Departmental programs and activities	132,844	142,299
Total	\$462,329	\$570,186

Conditional pledges for the university, which depend on the occurrence of specified future and uncertain events, at June 30, 2019 and 2018, was \$316,536,000 and \$345,517,000, respectively. The majority of these conditional pledges are related to construction of the Ellison Institute for Transformative Medicine, as well as the renovation of the Los Angeles Memorial Coliseum.

Note 6.

Investments:

Investments consist of the following at June 30 (in thousands):

	2019	2018
Equities	\$2,344,188	\$2,291,991
Fixed income securities	1,024,505	1,114,134
Alternative investments:		
Hedge funds	1,217,195	1,107,682
Private capital	1,340,500	1,360,698
Real estate and other	276,671	207,078
Assets held by other trustees	148,177	149,728
Total	\$6,351,236	\$6,231,311

Notes to Consolidated Financial Statements

Note 6. (continued)

The following table summarized the levels of financial instruments carried at fair value as defined by ASC 820 valuation hierarchy defined previously, for the year ended June 30, 2019 (in thousands):

	Level I	Level II	Level III	NAV	Total
Investments:					
Equities	\$2,133,797	\$984	\$94,425	\$114,982	\$2,344,188
Fixed income securities	263,994	736,046	24,464		1,024,504
Hedge funds				1,217,196	1,217,196
Private capital				1,340,500	1,340,500
Real estate and other			30,566	246,105	276,671
Assets held by other trustees			148,177		148,177
Total	\$2,397,791	\$737,030	\$297,632	\$2,918,783	\$6,351,236

The following table summarized the levels of financial instruments carried at fair value as defined by ASC 820 valuation hierarchy defined previously, for the year ended June 30, 2018 (in thousands):

	Level I	Level II	Level III	NAV	Total
Investments:					
Equities	\$2,081,176	\$738	\$94,416	\$115,661	\$2,291,991
Fixed income securities	324,488	757,909	31,737		1,114,134
Hedge funds				1,107,682	1,107,682
Private capital				1,360,698	1,360,698
Real estate and other			36,245	170,833	207,078
Assets held by other trustees			149,728		149,728
Total	\$2,405,664	\$758,647	\$312,126	\$2,754,874	\$6,231,311

The following table summarized the university's Level III reconciliation of investments for the year ended June 30, 2019 (in thousands):

	Beginning Balance	Purchases	Sales and Maturities	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Transfers In	Transfers Out	Ending Balance
Investments:								
Equities	\$94,416					\$9		\$94,425
Fixed income securities	31,737	\$34,523	(\$41,437)	\$160	(\$70)		(\$449)	24,464
Real estate and other	36,245		(4,480)	(1,350)	237		(86)	30,566
Assets held by other trustees	149,728	4,979	(8,298)	1,787	(19)			148,177
Total	\$312,126	\$39,502	(\$54,215)	\$597	\$148	\$9	(\$535)	\$297,632

Notes to Consolidated Financial Statements

Note 6. (continued)

The following table summarized the university's Level III reconciliation of investments for the year ended June 30, 2018 (in thousands):

	Beginning Balance	Purchases	Sales and Maturities	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Transfers In	Transfers Out	Ending Balance
Investments:								
Equities	\$83,402				\$11,014			\$94,416
Fixed income securities	29,289	\$41,104	(\$38,324)	\$276	(608)			31,737
Real estate and other	43,600	34	(6,674)	(820)	200		(\$95)	36,245
Assets held by other trustees	146,120				3,608			149,728
Total	\$302,411	\$41,138	(\$44,998)	(\$544)	\$14,214	\$0	(\$95)	\$312,126

The university uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

Investment income and gains presented on the consolidated statements of activities contains endowment appreciation utilized to fund the spending rule, and investment income net of expenses. Current year investment return reported in non-operating activities is net of external and direct internal investment costs, reduced by endowment appreciation utilized to fund the spending rule. The university's total investment return for the years ended June 30, 2019 and 2018, was \$304,393,000 and \$529,188,000, respectively.

Notes to Consolidated Financial Statements

Note 6. (continued)

The following table lists investments by major category for the year ending June 30, 2019 (in thousands):

At June 30, 2019

Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms
Distressed Obligation Partnerships	U.S. and Non-U.S. Distressed Debt Securities	\$9,867	\$15,255	Approximately 2 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Hedge Funds	U.S. and Non-U.S. Investments in Relative Value, Event Driven, Long/Short and Directional Strategies	1,217,196	98,576	99.9% of NAV has an open-ended life and 0.1% of NAV will be liquidated on an undetermined basis.	Ranges between bimonthly redemption with 75 days notice, quarterly redemption with up to 185 days notice, semiannual redemption with up to 120 days notice, annual redemption with up to 120 days notice, biannual redemption with 90 days notice and 5-year lockup with 90 days notice.	2% of NAV is locked-up for 1 month, 11% of NAV is locked-up for 3 months, 45% of NAV is locked-up for 1 year, 42% of NAV is locked-up for more than 1 year.
Natural Resources Partnerships	U.S. and Non-U.S. Investments in Upstream, Midstream and Downstream Natural Resources Investments	417,816	151,782	Approximately 4 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Capital Partnerships	U.S. and Non-U.S. Private Equity and Venture Capital Investments	912,817	273,424	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Real Estate Partnerships	U.S. and Non-U.S. Real Estate	239,056	210,784	Approximately 5 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Equity Funds	U.S. and Non-U.S. Equity Securities	114,982	Not Applicable	Open Ended	Minimum monthly	None
Other Funds	U.S. and Non-U.S. Investments in Securities Other than Equity and Fixed Income	7,049	Not Applicable	Open Ended	Monthly	None
Total		\$2,918,783	\$749,821			

Notes to Consolidated Financial Statements

Note 6. (continued)

The following table lists investments by major category for the year ending June 30, 2018 (in thousands):

At June 30, 2018						
Category of Investment	Investment Strategy	Fair Value Determined Using NAV	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms
Distressed Obligation Partnerships	U.S. and Non-U.S. Distressed Debt Securities	\$15,736	\$17,042	Approximately 2 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Hedge Funds	U.S. and Non-U.S. Investments in Relative Value, Event Driven, Long/Short and Directional Strategies	1,107,683	58,868	99.9% of NAV has an open-ended life and 0.1% of NAV will be liquidated on an undetermined basis.	Ranges between bimonthly redemption with 75 days notice, monthly redemption with 90 days notice, quarterly redemption with up to 120 days notice, semiannual redemption with 60 to 90 days notice, annual redemption with up to 120 days notice, biannual redemption with 90 days notice and 5-year lockup with 90 days notice.	1% of NAV is locked-up for 1 month, 17% of NAV is locked-up for 3 months, 52% of NAV is locked-up for 1 year 30% of NAV is locked-up for more than 1 year.
Natural Resources Partnerships	U.S. and Non-U.S. Investments in Upstream, Midstream and Downstream Natural Resources Investments	501,549	191,668	Approximately 4 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Capital Partnerships	U.S. and Non-U.S. Private Equity and Venture Capital Investments	843,413	216,373	Approximately 3 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Private Real Estate Partnerships	U.S. and Non-U.S. Real Estate	170,718	172,230	Approximately 4 Years	Redemptions are not permitted during the life of the fund.	Not Applicable
Equity Funds	U.S. and Non-U.S. Equity Securities	115,661	Not Applicable	Open Ended	Minimum monthly	None
Other Funds	U.S. and Non-U.S. Investments in Securities Other than Equity and Fixed Income	114	Not Applicable	Open Ended	Monthly	None
Total		\$2,754,874	\$656,181			

Notes to Consolidated Financial Statements

Note 7.

Endowment:

Endowment net assets are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and only the income and realized gains be utilized for current and future needs. Long-term investment net assets (board-designated endowment funds) have been established from restricted contributions whose restrictions have been met and unrestricted contributions which have been designated by the Board of Trustees or management for the same purpose as endowment. The university also has a beneficial interest in the net income earned from assets which are held and managed by other trustees.

Donor-restricted and board-designated endowment funds are summarized as follows for the year ended June 30, 2019 (in thousands):

	Board-Designated Endowment Funds	Donor-Restricted Endowment	Total
Pooled	\$1,421,852	\$4,093,419	\$5,515,271
Non-pooled	95,365	128,929	224,294
Total	\$1,517,217	\$4,222,348	\$5,739,565

Donor-restricted and board-designated endowment funds are summarized as follows for the year ended June 30, 2018 (in thousands):

	Board-Designated Endowment Funds	Donor-Restricted Endowment	Total
Pooled	\$1,409,305	\$3,933,331	\$5,342,636
Non-pooled	74,845	126,786	201,631
Total	\$1,484,150	\$4,060,117	\$5,544,267

Pooled investments represent donor-restricted and board-designated endowment funds which have been commingled in a unitized pool (unit value basis) for purposes of investment. At June 30, 2019 and 2018, the pool is comprised of cash and cash equivalents (0.65%) and (0.63%), equities (56.70%) and (54.29%), fixed income securities (11.86%) and (12.06%), alternative investments (26.61%) and (29.94%) and real estate and other investments (4.18%) and (3.08%), respectively. Access to or liquidation from the pool is on the basis of the market value per unit on the preceding monthly valuation date. The unit value at June 30, 2019 and 2018, was \$676.76 and \$676.51, respectively.

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original contribution as of the contribution date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the university classifies as donor-restricted funds (a) the original value of contributions donated to the endowment, (b) the original value of subsequent contributions to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the university considers various factors in making a determination to appropriate or accumulate endowment funds including: duration and preservation of the fund, economic conditions, effects of inflation or deflation, expected return on the funds and other economic resources of the university.

Notes to Consolidated Financial Statements

Note 7. (continued)

Endowment net asset composition by type of funds as of June 30, 2019 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds		\$4,222,348	\$4,222,348
Board-designated endowment funds	\$1,517,217		1,517,217
Total	\$1,517,217	\$4,222,348	\$5,739,565

Endowment net asset composition by type of funds as of June 30, 2018 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds		\$4,060,117	\$4,060,117
Board-designated endowment funds	\$1,484,150		1,484,150
Total	\$1,484,150	\$4,060,117	\$5,544,267

Changes in endowment net assets for the year ended June 30, 2019 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at July 1, 2018	\$1,484,150	\$4,060,117	\$5,544,267
Total investment return, net	114,815	138,274	253,089
Contributions and transfers	31,147	156,641	187,788
Appropriation of endowment assets for expenditure	(112,895)	(132,684)	(245,579)
Endowment net assets at June 30, 2019	\$1,517,217	\$4,222,348	\$5,739,565

Changes in endowment net assets for the year ended June 30, 2018 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at July 1, 2017,	\$1,404,699	\$3,725,821	\$5,130,520
Total investment return, net	156,808	314,605	471,413
Contributions and transfers	20,105	159,125	179,230
Appropriation of endowment assets for expenditure	(97,462)	(139,434)	(236,896)
Endowment net assets at June 30, 2018	\$1,484,150	\$4,060,117	\$5,544,267

Notes to Consolidated Financial Statements

Note 7. (continued)

Endowments classified with donor restrictions are to be utilized for the following purposes:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA as of June 30 (in thousands):

	2019	2018
Restricted for scholarship support	\$982,166	\$945,638
Restricted for faculty support	975,872	955,824
Restricted for program support	2,264,310	2,158,655
Total endowment assets with donor restrictions	\$4,222,348	\$4,060,117

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor contribution amounts (deficit). When donor-restricted endowment fund deficits exist, they are classified as a reduction of net assets with donor restrictions. Deficits of this nature exist in various donor-restricted endowment funds, which together have an original value of \$36,070,000 and a current value of \$35,756,000 with a deficiency of \$314,000 and an original value of \$26,978,000 and a current fair value of \$26,743,000 and a deficiency of \$235,000 as of June 30, 2019 and 2018, respectively. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments and authorized appropriation that was deemed prudent. The university has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

The university has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under these policies, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The university expects its endowment funds over time to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

To achieve its long-term rate of return objectives, the university relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The university targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The university utilizes a spending rule for its pooled endowment. The spending rule determines the endowment income and realized gains to be distributed currently for spending with the provision that any amounts remaining after the distribution be transferred and reinvested in the endowment pool as board-designated as endowment.

For the 2019 fiscal year, the Board of Trustees approved current distribution of 100% of the prior year's payout, within a minimum of 4% and a maximum of 6% of the average market value for the previous 12 calendar quarters. Under the provisions of the spending rule, \$29.45 was distributed to each time-weighted unit for a total spending rule allocation of \$246,551,000. Investment income amounting to \$7.14 per time-weighted unit was earned, totaling \$59,756,000, and \$186,795,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year 2019 represent 4.47% of the market value of the endowment pool at June 30, 2019.

Notes to Consolidated Financial Statements

Note 7. (continued)

For the 2018 fiscal year, the Board of Trustees approved current distribution of 100% of the prior year's payout, within a minimum of 4% and a maximum of 6% of the average market value for the previous 12 calendar quarters. Under the provisions of the spending rule, \$28.87 was distributed to each time-weighted unit for a total spending rule allocation of \$233,765,000. Investment income amounting to \$4.51 per time-weighted unit was earned, totaling \$36,517,000, and \$197,249,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year 2018 represent 4.38% of the market value of the endowment pool at June 30, 2018.

Note 8.

Property, Plant and Equipment:

Property, plant and equipment consisted of the following at June 30 (in thousands):

	2019	2018
Land and improvements	\$201,409	\$196,738
Buildings and improvements	5,538,709	5,170,770
Buildings under capital leases	65,822	65,822
Equipment	740,141	679,578
Library books and collections	421,392	399,399
Construction-in-progress	253,250	250,575
	7,220,723	6,762,882
Less: Accumulated depreciation	2,856,881	2,588,792
Total	\$4,363,842	\$4,174,090

Notes to Consolidated Financial Statements

Note 9.

Leases:

The university is the lessee of various equipment and space under non-cancelable operating and capital leases. Operating lease rental expense for the years ended June 30, 2019 and 2018, was approximately \$42,122,00 and \$37,539,000, respectively. Space leases contain customary escalation clauses, which are included in annual aggregate minimum rentals.

Future aggregate minimum rental payments as of June 30, under operating and capital leases are as follows (in thousands):

Future minimum rental payments:	Operating	Capital
2020	\$54,350	\$1,642
2021	50,084	1,685
2022	48,554	1,730
2023	41,305	1,775
2024	35,987	1,823
Thereafter	246,267	664,470
	476,547	673,125
Less: Interest on capital leases		(597,256)
Total	\$476,547	\$75,869

The university entered into a lease agreement with the Los Angeles Memorial Coliseum Commission (LAMCC) to assume the operations of the Los Angeles Memorial Coliseum and Los Angeles Memorial Sports Arena.

The lease agreement with the LAMCC expires in 2033, or in 2054, if all options are exercised, at which time a second lease agreement with the California Science Center (CSC), an institution of the state of California, commences. The lease with the CSC expires in 2111, assuming all options are exercised. Under the terms of both lease agreements, the university is required to make certain capital improvements. The present value of the future minimum lease payments as of June 30, 2019 and 2018, is \$75,869,000 and \$74,222,000, respectively.

Notes to Consolidated Financial Statements

Note 10.

Bonds and Notes Payable

Bond and notes payable outstanding as of June 30 (*in thousands*):

	Interest %	Maturity	2019	2018
<i>California Educational Facilities Authority Revenue Bonds and Notes:</i>				
Series 2009C	5.25	2025	\$82,305	\$82,305
Premium			3,051	3,661
Series 2012A	5.00	2024	41,595	41,595
Premium			4,389	5,401
Series 2015A	5.00	2026	42,960	42,960
Premium			6,248	7,232
<i>University of Southern California Bonds:</i>				
Series 1998 Taxable	6.26	2019		4,585
Discount				(5)
Series 2011 Taxable	5.25	2112	300,000	300,000
Discount			(2,478)	(2,505)
Series 2016 Taxable	3.03	2040	722,580	722,580
Discount			(3,236)	(3,395)
Series 2017 Taxable	3.84	2048	402,320	402,320
Discount			(1,682)	(1,740)
<i>California Infrastructure Revenue Bonds (USC- Soto Street Health Sciences):</i>				
Series 2010 (Soto)	3.25-5.00	2018-2032	26,750	28,220
Premium			1,544	1,674
Notes Payable	5.00	2018-2020		17,500
			1,626,346	1,652,388
Less: current portion of long-term debt			1,540	6,055
Total			\$1,624,806	\$1,646,333

Principal payment requirements relating to bonds and notes payable, after giving effect to refunding, for the next five fiscal years are approximately: 2020 \$1,540,000; 2021 \$1,620,000; 2022 \$1,700,000; 2023 \$1,755,000; 2024 \$43,435,000, thereafter \$1,568,460,000.

Interest payments for fiscal year 2019 and 2018 were \$63,428,000 and \$63,405,000, respectively.

The university has a revolving line of credit with a bank with a maturity date of November 30, 2020. The credit agreement was amended on April 12, 2017, to increase the revolving line of credit to \$500,000,000, with all other terms and conditions, including the applicable rate and maturity, remaining substantially the same. The line of credit accrues interest based on LIBOR and contains a fee on the unused portion of the line of credit. During fiscal years ending June 30, 2019 and 2018, the university did not draw down on the line of credit. The line of credit contains certain restrictive covenants which include a minimum credit rating of "A" and "A2" from Standard and Poor's and Moody's, respectively, as well as a minimum total net assets of \$5,500,000,000. USC was in compliance with these covenants during fiscal years ending June 30, 2019 and 2018.

Notes to Consolidated Financial Statements

Note 11.

Retirement Benefits:

Retirement benefits for eligible university employees are provided through the Teachers Insurance and Annuity Association, The Vanguard Group, AIG Sun America, Fidelity Investments and Prudential Financial. Under these defined contribution plans, the university and plan participants make contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds. Under the USC Retirement Savings Program, the university makes a 5% non-elective contribution to all eligible employees and also matches dollar for dollar the first 5% of the employees' contributions. Newly hired employees on or after January 1, 2012, will have the university non-elective contribution subject to a four year vesting schedule. Benefits commence upon termination or retirement and pre-retirement survivor death benefits are also provided. Charges to operating expenses for the university's share of costs were approximately \$181,478,000 and \$169,505,000 during the years ended June 30, 2019 and 2018, respectively.

Retirement benefits for employees of USC Verdugo Hills Hospital and University Physician Associates are provided by a defined contribution 401(k) plan through Fidelity Investments. Until August 2011, the Keck and Norris hospital employees covered under a collective bargaining agreement with California Nurses Association were also covered under this 401(k) plan. Until January 2017, the National Union of Healthcare Workers ("NUHW") employees at Keck and Norris hospitals were also covered under this 401(k) plan. Under the 401(k) defined contribution plan, participants make contributions to purchase a variety of mutual funds.

Effective January 2018, the university contribution to the 401(k) plan is made on a paycheck-by-paycheck basis. Prior to this, the university made its contribution in a lump sum following the end of the calendar year and matched 100% of the participants' contributions up to 4% of eligible earnings, providing the participant was employed on the last day of the calendar year. In addition, the university made a 1% retiree medical benefit contribution to all NUHW participants who were both employed on the last day of the calendar year and worked 1,500 hours in that calendar year. The university contribution is subject to a five year vesting schedule, although previously credited years prior to the Tenet and Verdugo acquisitions have been carried over. Benefits commence at age 59 1/2, termination of employment or retirement. Pre-retirement survivor death benefits are also provided. Charges to operating activities expenses for the university's share of costs were approximately \$0 and \$33,000 during the years ended June 30, 2019 and 2018, respectively.

Retirement benefits for non-exempt university employees are provided through a noncontributory defined benefit pension plan, the USC Support Staff Retirement Plan ("Plan"). The following table sets forth the Plan's funded status at June 30 (in thousands):

Changes in Projected Benefit Obligation	2019	2018
Benefit obligation at end of prior year	\$229,537	\$251,857
Interest cost	8,779	9,862
Actuarial gain	30,498	(12,939)
Annuity purchase for plan participants	(108,958)	
Benefits paid	(11,691)	(19,243)
	\$148,165	\$229,537
Change in Plan Assets		
Fair value of plan assets at the end of prior year	\$208,841	\$190,974
Actual return on plan assets	16,481	16,110
Employer contribution	22,000	21,000
Annuity purchase for plan participants	(108,958)	
Benefits paid	(11,691)	(19,243)
	\$126,673	\$208,841

Notes to Consolidated Financial Statements

Note 11. (continued)

Reconciliation of Funded Status	2019	2018
Accumulated benefit obligation at end of year	(\$148,165)	(\$229,537)
Projected benefit obligation at end of year	(148,165)	(229,537)
Fair value of plan assets at end of year	126,672	208,840
Funded status	(\$21,493)	(\$20,697)
<hr/>		
Components of Net Periodic Benefit Cost	2019	2018
Interest cost	\$8,779	\$9,862
Expected return on plan assets	(10,300)	(11,513)
Amortization of net loss	3,702	5,898
Settlement	33,781	
Total benefit cost	\$35,962	\$4,247
<hr/>		
Amounts recognized in the Statement of Financial Position	2019	2018
Accrued liabilities	(\$21,493)	(\$20,697)
<hr/>		
Amounts not yet recognized as components of Net Periodic Benefit Cost	2019	2018
Net loss	\$48,219	\$61,384
<hr/>		
Changes in the net reduction to Without Donor Restrictions	2019	2018
Net gain (loss)	\$24,318	(\$17,535)
Amortization of net loss	(3,702)	(5,898)
Recognition of net (gain) due to settlement	(33,781)	
Total benefit cost	(\$13,165)	(\$23,433)

The estimated net loss/(gain) and prior service cost for the Plan that will be recognized as components of net periodic benefit cost over the next fiscal year are \$3,512,000 and \$0, respectively.

The Plan was amended to freeze benefit accruals for all remaining active union participants effective December 23, 2009, and to provide full vesting for those participants. On April 5, 2019, a payment of \$108,957,844 was made to purchase annuities for 1,720 retirees and beneficiaries who were receiving monthly benefit payments from the Plan. As a result of this transaction, the responsibility for payment of the pension benefits was transferred to the insurance company, and ASC 715 settlement accounting was required. The effect of the settlement was determined based on a measurement date of March 31, 2019, in accordance with ASC 715-30-35-66A. As a result of the annuity purchase, 44.15% of the benefit obligation for the Plan was settled, and a prorata portion of the net actuarial loss was recognized in expense, resulting in additional pension expense during fiscal 2019 of \$33,781,181.

Notes to Consolidated Financial Statements

Note 11. (continued)

Weighted-average assumptions used to determine net periodic benefit cost for year ended June 30:

	2019	2018
Discount rate	4.40%	4.00%
Expected return on plan assets	5.70%	6.20%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net year-end benefit obligations at June 30:

	2019	2018
Discount rate	3.65%	4.40%
Rate of compensation increase	N/A	N/A

Plan Assets

In managing the Plan assets, the university's objective is to be a responsible fiduciary while minimizing financial risk. Plan assets include a diversified mix of fixed income securities and equity securities across a range of sectors and levels of capitalization to maximize the long-term return for a prudent level of risk. In addition to producing a reasonable return, the investment strategy seeks to minimize the volatility in the university's expense and cash flow. The target allocation for pension benefit plan assets is 40% equity securities and 60% fixed income securities.

As described in Note 1, the university uses a hierarchy to report invested assets, including the invested assets of the Plan. Following is a description of the valuation methodologies used for assets measured at fair value.

Fair Value

The Plan's interest in collective trusts is valued based on the net asset value information reported by the investment advisor. The fund is valued at the normal close of trading on the New York Stock Exchange every day the exchange is open (a "Business Day"). Equity securities are valued at the official closing price of, or the last reported sales price on, the exchange or market on which such securities are traded, as of the close of business on the day the securities are being valued or at the last available bid price. In cases where equity securities are traded on more than one exchange, the securities are valued on the exchange or market determined to be the most representative market, which may be either a securities exchange or the over-the-counter market. Short-term investments are carried at fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At June 30, 2019, a summary of fair value measurements by level for Plan investments measured at fair value on a recurring basis is as follows (in thousands):

	Level I	Level II	Level III	NAV	Total
Collective Trust Funds:					
Short-term investment fund		\$3,637			\$3,637
Equity securities		46,715			46,715
Fixed income securities		76,320			76,320
Total		\$126,672			\$126,672

Notes to Consolidated Financial Statements

Note 11. (continued)

At June 30, 2018, a summary of fair value measurements by level for investments measured at fair value on a recurring basis is as follows (in thousands):

	Level I	Level II	Level III	NAV	Total
Collective Trust Funds:					
Short-term investment fund		\$3,647			\$3,647
Equity securities		99,114			99,114
Fixed income securities		106,079			106,079
Total		\$208,840			\$208,840

Allocation of Assets

The year-end asset allocation, which approximates the weighted-average allocation for the Plan assets as of June 30 and in comparison to target percentages for each asset category, is as follows:

Asset Category	Actual at June 30, 2019	Target at June 30, 2019	Actual at June 30, 2018	Target at June 30, 2018
Short-term investment fund	2.9%	0.0%	1.7%	0.0%
Equity securities	36.9%	40.0%	47.5%	50.0%
Fixed income securities	60.2%	60.0%	50.8%	50.0%
Total	100.0%	100.0%	100.0%	100.0%

The portfolio is evaluated annually or when the actual allocation percentages are plus or minus 2% of the stated target allocation percentages. Changes in policy may be indicated as a result of changing market conditions or anticipated changes in the pension plan's needs. Prohibited transactions include investment transactions prohibited by the Employee Retirement Income Security Act of 1974 and speculative investments including commodities or unregistered stock without specific prior approval by the university's Investment Committee.

Contributions

No contribution to the plan is required to be made during the fiscal year ending June 30, 2019. At this time, it is anticipated that the university will make discretionary contributions to the pension plan during the next fiscal year, although the total amount of such contributions has not yet been determined.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

	Fiscal Year Ending June 30
2020	\$1,987
2021	2,892
2022	3,742
2023	4,509
2024	5,198
2025-2029	34,521

Notes to Consolidated Financial Statements

Note 12.

Net Assets:

The university's net assets as of June 30, 2019, includes the following (in thousands):

Nature of Specific Net Assets	Without Donor Restrictions	With Donor Restrictions	Year Ended June 30, 2019
			Total Net Assets
Internally reserved	\$1,030,039		\$1,030,039
Donor-restricted		\$55,154	55,154
Pledges		462,329	462,329
Unexpended endowment income	302,203		302,203
Annuity and living trusts		169,328	169,328
Donor-restricted endowment funds		4,222,348	4,222,348
Board-designated endowment funds	1,517,217		1,517,217
Debt service funds	120,696		120,696
Invested in plant	1,308,848		1,308,848
Total	\$4,279,003	\$4,909,159	\$9,188,162

The university's net assets as of June 30, 2018, includes the following (in thousands):

Nature of Specific Net Assets	Without Donor Restrictions	With Donor Restrictions	Year Ended June 30, 2018
			Total Net Assets
Internally reserved	\$1,252,267		\$1,252,267
Donor-restricted		\$139,755	139,755
Pledges		570,186	570,186
Unexpended endowment income	295,792		295,792
Annuity and living trusts		168,332	168,332
Donor-restricted endowment funds		4,060,117	4,060,117
Board-designated endowment funds	1,484,150		1,484,150
Debt service funds	121,413		121,413
Invested in plant	1,177,519		1,177,519
Total	\$4,331,141	\$4,938,390	\$9,269,531

Notes to Consolidated Financial Statements

Note 13.

Functional Expenses:

Expenses are presented below by functional classification in accordance with the overall service mission of the university. Each functional classification displays all expenses related to the underlying operations by natural classification. Depreciation expense is allocated based on square footage occupancy. Interest expense on external debt is allocated to the functional categories which have benefited from the proceeds of the external debt. Plant operations and maintenance represents space related costs which are allocated to the functional categories directly and/or based on the square footage occupancy.

For the year ended June 30, 2019, functional expense consists of the following (in thousands):

	Academic, Health Care and Student Services	Support Services	Fundraising Activities	Year Ended June 30, 2019
Compensation	\$2,040,161	\$340,824	\$32,563	\$2,413,548
Fringe benefits	578,002	111,633	11,011	700,646
Operating expenses	1,100,015	858,153	14,865	1,973,033
Cost of goods sold	85,483	43,982		129,465
Travel	48,734	10,640	778	60,152
Settlement				
Allocations:				
Depreciation	188,348	91,127	1,684	281,159
Interest	21,239	43,085		64,324
Plant operations and maintenance	162,475	(165,364)	2,890	
Total	\$4,224,457	\$1,334,080	\$63,791	\$5,622,327

For the year ended June 30, 2018, functional expense consists of the following (in thousands):

	Academic, Health Care and Student Services	Support Services	Fundraising Activities	Year Ended June 30, 2018
Compensation	\$1,850,553	\$321,320	\$35,970	\$2,207,843
Fringe benefits	480,922	107,207	12,381	600,510
Operating expenses	1,086,780	390,897	14,336	1,492,013
Cost of goods sold	87,895	49,188		137,083
Travel	51,256	12,041	842	64,139
Settlement		215,000		215,000
Allocations:				
Depreciation	180,797	78,514	2,151	261,462
Interest	22,332	43,393		65,725
Plant operations and maintenance	170,212	(173,139)	2,927	
Total	\$3,930,747	\$1,044,421	\$68,607	\$5,043,775

Notes to Consolidated Financial Statements

Note 14.

Commitments and Contingencies

Contractual commitments for educational plant amounted to approximately \$104,934,000 and \$132,631,000 at June 30, 2019 and 2018, respectively. It is expected that the resources to satisfy these commitments will be provided from certain unexpended plant net assets, anticipated contributions and/or debt proceeds.

During the year ended June 30, 2007, the university entered into an agreement with the County of Los Angeles to provide professional services at Los Angeles County+USC Medical Center. Under the terms of the agreement, the contract automatically renews on an annual basis unless either party gives four years' notice of the termination. To date, no such notice has been provided by either party.

The university is contingently liable as guarantor on certain obligations relating to equipment loans, student and parent loans, and various campus organizations.

The university has a broad portfolio of civil litigation, which reflects the complexity of the higher education environment and the diversity of issues facing universities today. Among other matters, these include lawsuits regarding the retirement plan, research and faculty recruitment, student disciplinary matters, athletic injuries, medical malpractice, and employment litigation. In preparing these financial statements, management reviewed the entire litigation portfolio with the assistance of legal counsel and in accordance with ASC 450, Contingencies, and recorded a contingent liability on the consolidated balance sheets to properly account for the entire litigation portfolio.

Of note, during fiscal years ended June 30, 2018 and 2019 the university was named in civil lawsuits in state and federal court in connection with alleged misconduct by a physician who was previously employed by the university and practiced at the university student health center; this individual was alleged to have engaged in inappropriate conduct and made inappropriate statements to patients. On October 9, 2018, the university and the federal plaintiffs reached an agreement in principle for a federal class action settlement of \$215 million, plus attorneys' fees not to exceed \$25 million. As of June 30, 2019 there have been no payments made in connection with the federal class action settlement. The federal class action settlement is currently being processed in accordance with the terms of the settlement and is expected to receive final approval by the court and related payments made during calendar 2020. For the years ended June 30, 2018 and 2019, the university has recorded a liability for the federal class action settlement of \$215 million. The state court civil lawsuits have continued to proceed through the court process. There have been significant developments in related matters that could impact the civil litigation, including currently, approximately 800 cases have opted out of the federal class action settlement, criminal charges being filed against the physician who was previously employed by the student health center and the change in California state law that eliminated the statute of limitations for certain individuals potentially impacted.

Management has assessed the risk of loss related to the alleged misconduct above together with other litigation and for those matters deemed estimable and probable has accrued expenses included in operating expenses in the consolidated statement of activities. While the university expects that a significant portion of the settlement accrual and the liability will be covered by insurance, no insurance reimbursements for settlements have been received as of June 30, 2019, and there can be no guarantee of the ultimate amount of coverage. Subsequent to year end certain amounts have been received from insurance which have been considered in the recording of the contingent liability estimate at June 30, 2019. Amounts of future insurance reimbursements are unknown as of June 30, 2019, and as a result no insurance recovery accruals have been recorded in the 2018 and 2019 consolidated financial statements. The university recognizes that the ultimate outcome of these matters may be different than the estimates made in the consolidated financial statements as of and for the years ended June 30, 2019 and 2018, and those differences may be material to the university's financial position.

Notes to Consolidated Financial Statements

Note 15.

Grants and Contracts:

Executed contracts, grants, subcontracts and cooperative agreements for future sponsored research activity which are not reflected in the consolidated financial statements at June 30 are summarized as follows (in thousands):

	2019	2018
Current sponsored awards	\$780,063	\$764,272
Executed grants and contracts for future periods	1,414,199	1,192,476
Total	\$2,194,262	\$1,956,748

Note 16.

Related Parties

Members of the Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the university. For senior management, the university requires annual disclosure of significant financial interest in entities doing business with the university. These annual disclosures cover both senior management and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the university. The university has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees can participate in any decision in which he or she or an immediate family member has a material financial interest. Each trustee is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the university does business with an entity in which a trustee has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring the recusal of the conflicted trustee and that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the university, and in accordance with applicable conflict of interest laws.

Note 17.

Subsequent Events

The university has performed an evaluation of subsequent events through December 16, 2019, which is the date the financial statements were issued.

In November 2019, the Lord Foundation of California, a non-profit foundation that supports the University, has received approximately \$262 million to fund research and teaching as a beneficiary of the recent sale of the North Carolina-based LORD Corporation.

Immigration Clinic Revenue Sources for Calendar Year 2019

Individual Contributions		6,845
	<i>Attorneys</i>	5,693
	<i>Other</i>	1,152
Organization Contributions		16,518
	<i>Law Firms</i>	15,018
	<i>Bar Associations</i>	
	<i>Other</i>	1,500
Foundations		120,155
	Calif. Community Foundation	120,155
Government Funding		37,640
	<i>CDSS</i>	37,640
Cy Pres Awards ¹		200,006
Attorneys Fees		
Other Cash Support		
Law School		284,706
University/Provost & Law School		160,000
REVENUE GRAND TOTAL		825,871

Immigration Clinic Expenditures for Calendar Year 2019

Non-Cash Expenditures		-
	<i>Unrealized Gains/Losses</i>	
Personnel		639,463
	<i>Lawyers (Frenzen, Reisz, Macias, Alemi)</i>	431,296
	<i>Other Personnel (Sirimane, Chan (0.10))</i>	57,720
	<i>Benefits</i>	150,447
Non-Personnel		248,356
	<i>Overhead - Space - Office Equipment - Utilities - Services</i>	207,498
	<i>Equipment rental and maintenance</i>	
	<i>Office supplies</i>	1,432
	<i>Printing and Postage</i>	4,617
	<i>Telecommunications</i>	308
	<i>Technology</i>	318
	<i>Travel</i>	25,080
	<i>Training</i>	180
	<i>Witness Court Fees</i>	4,500
	<i>Legal Research</i>	1,492
	<i>Client Parking</i>	2,116
	<i>Memberships</i>	815
	<i>Library</i>	
	<i>Insurance</i>	
	<i>Audit</i>	
	<i>Depreciation</i>	
EXPENSE GRAND TOTAL		887,819

¹CyPres Funding is a one time funding with no expiration date