

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND STATE SINGLE AUDIT REPORTS**

FOR THE YEAR ENDED JUNE 30, 2020

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Connecticut Legal Rights Project, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Connecticut Legal Rights Project, Inc. (CLRP) which comprise the statement of financial position as of June 30, 2020 and the related statements of activities and changes in net assets, 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Connecticut Legal Rights Project, Inc. as of June 30, 2020 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.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Expenses by Object and Funding Source for General Advocacy, Housing Support Advocacy, Management and General, and Fundraising for the year ended June 30, 2020 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate 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 other 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 Schedules of Expenses by Object and Funding Source for General Advocacy, Housing Support Advocacy, Management and General, and Fundraising are 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 February 4, 2021, on our consideration of Connecticut Legal Rights Project, 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 the effectiveness of Connecticut Legal Rights Project, 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 the entity's internal control over financial reporting and compliance.

Marcum LLP

New Haven, CT
February 4, 2021

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 913,876
Accounts Receivable	15,163
Unconditional promises to give	59,901
Prepaid expenses	<u>14,466</u>

Total Current Assets 1,003,406

Property and Equipment

Computer equipment	77,762
Computer software	45,782
Office equipment	<u>3,978</u>

	127,522
Less, accumulated depreciation	<u>112,316</u>

Total Property and Equipment, net 15,206

Total Assets \$ 1,018,612

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 99,289
Payroll Protection Program Loan	<u>252,800</u>

Total Current Liabilities 352,089

Net Assets

With donor restrictions	277,718
Without donor restrictions	<u>388,805</u>

Total Net Assets 666,523

Total Liabilities and Net Assets \$ 1,018,612

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

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants, contracts, and contributions			
State	\$ --	\$ 1,322,588	\$ 1,322,588
Foundations	--	159,799	159,799
In-kind contributions	--	179,192	179,192
Other income	<u>25,562</u>	<u>--</u>	<u>25,562</u>
	25,562	1,661,579	1,687,141
Net Assets Released from Time Restrictions	<u>1,515,075</u>	<u>(1,515,075)</u>	<u>--</u>
Total Support and Revenue	<u>1,540,637</u>	<u>146,504</u>	<u>1,687,141</u>
Expenses and Losses			
Program services			
General Advocacy	1,255,139	--	1,255,139
Housing Support Advocacy	<u>88,912</u>	<u>--</u>	<u>88,912</u>
	1,344,051	--	1,344,051
Management and general	334,214	--	334,214
Fundraising	<u>31,127</u>	<u>--</u>	<u>31,127</u>
Total Expenses and Losses	<u>1,709,392</u>	<u>--</u>	<u>1,709,392</u>
Change in Net Assets	(168,755)	146,504	(22,251)
Net Assets - Beginning of year	<u>557,560</u>	<u>131,214</u>	<u>688,774</u>
Net Assets - End of year	<u><u>\$ 388,805</u></u>	<u><u>\$ 277,718</u></u>	<u><u>\$ 666,523</u></u>

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

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Management and General	Fundraising	Total
	General Advocacy	Housing Support Advocacy	Total			
Salaries	\$ 810,802	\$ 61,938	872,740	\$ 198,385	\$ 24,603	\$ 1,095,728
Payroll taxes and benefits	213,709	16,609	230,318	52,252	6,524	289,094
Computers	34,354	--	34,354	--	--	34,354
Audit	--	--	--	19,776	--	19,776
Insurance	--	--	--	20,164	--	20,164
Library	3,089	--	3,089	--	--	3,089
Consultant	13,200	--	13,200	--	--	13,200
Temporary services	8,832	--	8,832	--	--	8,832
Conferences	459	--	459	--	--	459
Telephone	2,183	--	2,183	--	--	2,183
Travel	4,558	--	4,558	--	--	4,558
Impact Services	4,725	--	4,725	--	--	4,725
Dues	2,780	--	2,780	--	--	2,780
Attorney tax	3,390	--	3,390	--	--	3,390
Depreciation	3,824	290	4,114	1,043	--	5,157
Payroll service	--	--	--	3,732	--	3,732
Litigation	7,841	--	7,841	--	--	7,841
Lobbying	5,788	--	5,788	--	--	5,788
Printing	144	--	144	--	--	144
CHRO	1,017	--	1,017	--	--	1,017
Pension plan admin fees	--	--	--	1,200	--	1,200
Fees	1,052	--	1,052	--	--	1,052
Events	550	--	550	--	--	550
Office supplies	--	--	--	687	--	687
Banking service fees	--	--	--	551	--	551
Postage	--	--	--	149	--	149
In-kind						
Occupancy	86,736	6,579	93,315	23,685	--	117,000
Utilities	37,067	2,811	39,878	10,122	--	50,000
Janitorial services	4,670	354	5,024	1,276	--	6,300
Office supplies	4,369	331	4,700	1,192	--	5,892
Total Functional Expenses	\$ 1,255,139	\$ 88,912	\$ 1,344,051	\$ 334,214	\$ 31,127	\$ 1,709,392

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

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities	
Change in net assets	\$ (22,251)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	5,157
Changes in assets and liabilities:	
Prepaid expenses	12,394
Accounts receivable	(15,163)
Unconditional promises to give	(4,797)
Accounts payable and accrued expenses	<u>28,137</u>
Net Cash Provided by Operating Activities	<u>3,477</u>
Cash Flows Used in Financing Activities	
Proceeds from Paycheck Protection Program loan	<u>252,800</u>
Net Change in Cash and Cash Equivalents	256,277
Cash and Cash Equivalents - Beginning	<u>657,599</u>
Cash and Cash Equivalents - Ending	<u>\$ 913,876</u>

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

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Connecticut Legal Rights Project, Inc. (CLRP) is a not-for-profit corporation organized under the laws of the State of Connecticut. CLRP provides legal assistance, counsel and representation to adults receiving, or eligible for, services from the Connecticut Department of Mental Health and Addiction Services in either inpatient or community settings. CLRP is supported primarily by the State of Connecticut Department of Mental Health and Addiction Services (DMHAS), the Connecticut Bar Foundation's (CBF) Interest on Lawyers' Trust Accounts Program (IOLTA), Court Fees Grant-in-Aid (CFGIA) and Judicial Branch Grant-in-Aid (JBGIA).

ADOPTION OF ACCOUNTING GUIDANCE

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides clarification and guidance for contributions received and contributions made to assist entities in (1) evaluating whether a transaction should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958-605, *Not-for-Profit Entities*, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional. CMHA adopted this ASU during fiscal year 2020, which did not have an impact on the statements of activities and changes in net assets.

BASIS OF PRESENTATION

The financial statements of CLRP are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods or services is incurred, regardless of the timing of cash flows.

Net assets of CLRP are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Association. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state or federal laws. At June 30, 2020, CLRP had net assets with donor restrictions of \$277,718, representing unearned revenue from contributions and grant award programs.

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 the reported amounts and disclosures in the financial statements. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the estimated useful lives of assets and accrued expenses. Actual results could differ from those estimates.

GRANTS AND CONTRACTS

CLRP derives its revenues primarily from grants from the State of Connecticut. Grant revenues from state agencies that are nonreciprocal are treated like contributions. If the grant or contract is conditional, a barrier to entitlement exists, revenue is recognized when the barrier is considered overcome and as allowable expenditures under such agreements are incurred, as an increase to net assets with or without donor restrictions. Revenue is recognized to the extent that related expenses are incurred. Cash received in excess of amounts expended are recognized as net assets with donor restrictions in the statement of financial position. Some of these funds may ultimately be due back to granting agencies depending on the expenditure requirements of the agencies.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS

Unrestricted and unconditional contributions are recognized as support when awarded or pledged, if applicable. Contributions are reported as donor restricted support if they are received with donor stipulations that limit the use of such assets either by the passage of time or completion of a particular program. 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 statement of activities as net assets released from restrictions.

DONATED ITEMS

CLRP reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, CLRP reports expirations of donor restrictions in full when the donated or acquired long-lived assets are placed in service. There were no donated assets during the year ended June 30, 2020.

CLRP recognizes donated services if they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation. As detailed in Note 3, CLRP has recognized amounts for rent, office supplies, and other costs, provided by the State of Connecticut, within its financial statements.

CASH AND CASH EQUIVALENTS

CLRP considers all highly liquid instruments with an original maturity of three months or less when purchased, and its money market mutual fund, to be cash and cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment acquisitions and substantial improvements thereon that individually exceed \$500 and have an estimated useful life exceeding one year are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Additions, renewals, and betterments that significantly extend the life of the asset are capitalized. Repairs and maintenance are charged to expense as incurred. Management reviews property and equipment annually or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS

Accounting principles generally accepted in the United States of America requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted cash flows generated by the assets. No impairment losses have been recorded to date.

ACCRUED ANNUAL LEAVE

CLRP employees may accumulate up to 1.67 days per month of leave time and are entitled to payment of any unused time up to four weeks upon separation from employment.

FUNCTIONAL EXPENSES

CLRP allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classification. All other expenses are allocated based on estimates of time and effort, and other allocation metrics, depending on the nature of the expense.

INCOME TAXES

CLRP is a not-for-profit organization and is exempt from federal and state income taxes on exempt functional income as a public charity under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require CLRP management to evaluate tax positions taken by CLRP and recognize a tax liability (or asset) if it has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken by CLRP, and has concluded that as of June 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. In addition, CLRP has no unrelated business income. CLRP is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through February 4, 2021, the date the financial statements were available for issuance. No events requiring recognition or identification in the financial statements were identified.

NOTE 2 – CONCENTRATION OF CREDIT RISK

CLRP's financial instruments that are exposed to concentrations of credit risk consist of cash, cash equivalents, and its certificate of deposit investment. At June 30, 2020, the carrying amount of these funds totaled \$913,876. The bank balances of these accounts totaled \$930,705, and all funds were covered by the Federal Deposit Insurance Corporation (FDIC).

NOTE 3 – IN-KIND CONTRIBUTIONS

CLRP occupies office space under a consent decree with the DMHAS. The consent decree contains provisions that provide CLRP with office space, office supplies, utilities, janitorial services and the use of furniture as an in-kind contribution for a period as long as CLRP is located in a DMHAS facility. The value of these non-cash contributions as determined by DMHAS are \$179,192 for the year ended June 30, 2020 and consisted of the following:

Occupancy	\$	117,000
Utilities		50,000
Janitorial Services		6,300
Office Supplies		<u>5,892</u>
	\$	<u>179,192</u>

These non-cash contributions and services have been reported in the statement of activities and changes in net assets as both support and expenses for the year ended June 30, 2020.

NOTE 4 – EMPLOYEE BENEFIT PLAN

CLRP maintains a tax-sheltered annuity plan that is available to all employees who work at least 20 hours per week as defined in the plan. Employees can make contributions up to \$18,000 per calendar year with an additional \$6,000 catch up for employees over 50 years of age. For the year ended June 30, 2020, CLRP made \$66,145 in contributions

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 – PRINCIPAL FUNDING SOURCES

CONNECTICUT BAR FOUNDATION

CLRP has received direct funding from the Connecticut Bar Foundation (CBF) from its Interest on Lawyers Trust Account (IOLTA) program, as well as pass through funding through the CBF from the State of Connecticut Judicial Branch under its Judicial Grants-In-Aid (JBGIA) and Court Fees Grants-In-Aid programs (CFGIA). The CFGIA program resulted from the Connecticut State Legislature increasing court filing fees and directing those funds to be distributed through the CBF to non-profit legal service providers.

The IOLTA program supports general operations of CLRP. Revenue for the year ended June 30, 2020 of \$85,573 was based on costs charged to awards encompassing the periods January 1, 2019 through December 31, 2019 and January 1, 2020 through December 31, 2020.

The JBGIA and CFGIA funds are also for the general operations of CLRP. Awards for 2020 were \$50,688 and \$464,660, respectively for each of these programs. Revenue was recognized of \$50,927 and \$349,336 from awards covering the periods January 1, 2019 through December 31, 2019 and January 1, 2020 through December 31, 2020 (for JBGIA) and January 1, 2019 through December 31, 2019 and January 1, 2020 through December 31, 2020 (for CFGIA).

CLRP serves the needs of individuals within the federal poverty income limits, does not discriminate in providing its services, has cooperated with data collection activities of the CBF and complied with the assurances and application guidelines it has submitted to the CBF.

STATE OF CONNECTICUT DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS)

CLRP has received funding from DMHAS to provide consent services to indigent patients at state-operated treatment facilities throughout Connecticut. DMHAS funding for inpatient services are provided pursuant to a consent order issued in 1989 which mandated state payments to support a legal assistance program. These legal services encompass the areas of admissions, treatment, environmental conditions, discharge, and other hospital-related rights under state or federal policies and laws. For the 2020 year, CLRP recognized revenue of \$706,179 based upon expenses charged to the program of \$706,179, as well as an additional amount of \$179,192 based upon in-kind revenue/expenses provided to CLRP by the State for operating the program.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 – PRINCIPAL FUNDING SOURCES (CONTINUED)

STATE OF CONNECTICUT DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS) (CONTINUED)

Additional revenue of \$97,397 was also recognized by CLRP under DMHAS's Community Grant program for the year ended June 30, 2020.

IMPACT FUND (IMPACT)

During 2020, CLRP received funding for legal consulting services from Impact in the amount of \$40,000. In 2020 there were \$4,725 of expenses charged to the program.

COMMISSION ON HUMAN RIGHTS AND OPPORTUNITIES (CHRO)

During 2020, CLRP received funding for a series of programs to address the fair housing needs of people living with psychiatric disabilities in the amount of \$8,725.

STATE OF CONNECTICUT DEPARTMENT OF AGING AND DISABILITY SERVICES

During 2020, CLRP received funding for an internship in the legal advocate department in the amount of \$33,021.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

CLRP receives a significant part of its support from grants, contracts, and contributions received from State of Connecticut agencies and not-for-profit foundations. Support above and beyond that mandated for inpatient clients under the consent order could be subject to reduction or termination in future years. Any significant reduction in these revenues could have a negative impact on CLRP's program services.

CLRP has received funding from the State of Connecticut as well as private foundations and agencies, and has charged costs to each of these sources. The final determination of the allowability of these costs rests with the funding sources although CLRP management believes that any disallowances would be immaterial to its operations.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES

CLRP’s primary sources of support are derived from grants, contracts, and contributions. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects CLRP’s financial assets as of June 30, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include donor restricted balances. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

Financial Assets at Year-End	
Cash and cash equivalents	\$ 913,876
Account receivable	15,163
Unconditional promises to give	<u>59,901</u>
Total Financial Assets Available at Year-End	988,940
Less Contractual or Donor-Imposed Restrictions	
Restricted by donors with time or purpose restriction	<u>277,718</u>
Financial Assets Available to Meet Cash Needs for	
General Expenditures Within One Year	<u>\$ 711,222</u>

NOTE 8 – FINANCING ACTIVITIES

On May 2, 2020, the Company received a loan (the “PPP Loan”) from Citizens Bank, N.A. in the amount of \$252,800 under the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act. Subject to potential forgiveness, as described below, the PPP Loan matures in two years on May 2, 2022, bears interest at a rate of 1.00% per year and is evidenced by a promissory note dated May 2, 2020 (the “Note”). Monthly payments of principal and interest are deferred until after any application for forgiveness submitted by the Company has been acted upon, as described below. The PPP Loan is unsecured and federally guaranteed. The Note contains customary events of default relating to, among other things, failure to make payments of principal and interest and breaches of representations and warranties. CLRP may prepay the PPP Loan at any time prior to maturity with no penalty.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 – FINANCING ACTIVITIES (CONTINUED)

All or a portion of the PPP Loan may be eligible to be forgiven by the U.S. Small Business Administration (SBA) and the lender upon application by CLRP, provided that CLRP shall have used the loan proceeds for eligible purposes, including the payment of payroll, benefits, rent, mortgage interest and utilities, during the 24 week period beginning on the date of funding of the loan (the “covered period”). Not more than 40% of the amount forgiven may be for non-payroll costs. CLRP will be eligible to submit an application for forgiveness of the PPP Loan for a period of up to ten months after the end of the covered period.

Consistent with the requirements of the PPP for loan forgiveness, CLRP has been using the loan proceeds solely for payment of payroll and otherwise in a manner which it believes satisfy the requirements for loan forgiveness. However, no assurance can be given that any application for loan forgiveness that CLRP may submit will be approved, in whole or in part.

NOTE 9 – RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which continues to spread throughout the United States and the world. CLRP is monitoring the outbreak of COVID-19 and the related business and travel restrictions and its impact on operations, financial position, cash flows, and reopening trends, in addition to the impact on its employees. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on CLRP’s operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of CLRP, at the time of issuance, the impact could not be determined.

The extent to which the COVID-19 pandemic further impacts CLRP’S operations and financial condition will depend on numerous evolving factors, which are uncertain and cannot be predicted, including duration and scope of the pandemic and associated disruptions; and effects of current and future governmental and public responses to changing conditions.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE I – EXPENSES BY OBJECT AND FUNDING SOURCE – GENERAL ADVOCACY

FOR THE YEAR ENDED JUNE 30, 2020

	CT Dept of Mental Health and Addiction Services Consent Contract No. 18MHA6027	CT Bar Foundation IOLTA	CT Bar Foundation Judicial Branch Grant-in-Aid	CT Bar Foundation Court Fees Grant-in-Aid	State of CT Department of Aging and Disability Services	Commission on Human Rights and Opportunities	IMPACT Services	Funded through PPP Loan	Total
Salaries	\$ 388,232	\$ 49,677	\$ 32,386	\$ 193,678	\$ 21,451	\$ 4,751	\$ --	\$ 120,627	\$ 810,802
Payroll taxes and benefits	105,386	12,820	8,684	49,452	5,270	1,415	--	30,682	213,709
Computers	21,048	2,661	--	10,645	--	--	--	--	34,354
Library	1,918	234	--	937	--	--	--	--	3,089
Consultant	13,200	--	--	--	--	--	--	--	13,200
Temporary Services	5,767	613	--	2,452	--	--	--	--	8,832
Conference	230	46	--	183	--	--	--	--	459
Telephone	2,183	--	--	--	--	--	--	--	2,183
Travel	2,507	410	--	1,641	--	--	--	--	4,558
Impact Services	--	--	--	--	--	--	4,725	--	4,725
Dues	2,572	42	--	166	--	--	--	--	2,780
Attorney tax	3,390	--	--	--	--	--	--	--	3,390
Depreciation	1,845	233	152	907	100	22	--	565	3,824
Litigation	7,841	--	--	--	--	--	--	--	7,841
Lobbying	5,788	--	--	--	--	--	--	--	5,788
Printing	72	14	--	58	--	--	--	--	144
CHRO	--	--	--	--	--	1,017	--	--	1,017
Fees	773	56	--	223	--	--	--	--	1,052
Events	275	55	--	220	--	--	--	--	550
In-kind									--
Occupancy	41,851	5,277	3,440	20,572	2,278	505	--	12,813	86,736
Utilities	17,886	2,255	1,470	8,791	974	216	--	5,475	37,067
Janitorial services	2,253	284	185	1,108	123	27	--	690	4,670
Office supplies	2,109	266	173	1,036	115	25	--	645	4,369
Total General Advocacy	<u>\$ 627,126</u>	<u>\$ 74,943</u>	<u>\$ 46,490</u>	<u>\$ 292,069</u>	<u>\$ 30,311</u>	<u>\$ 7,978</u>	<u>\$ 4,725</u>	<u>\$ 171,497</u>	<u>\$ 1,255,139</u>

See independent auditors' report.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

**SCHEDULE II – EXPENSES BY OBJECT AND
FUNDING SOURCE – HOUSING SUPPORT ADVOCACY**

FOR THE YEAR ENDED JUNE 30, 2020

	CT Dept of Mental Health and Addiction Services Contract No. <u>18MHA6028</u>
Salaries	\$ 61,938
Payroll taxes and benefits	16,609
Depreciation	290
In-kind	
Occupancy	6,579
Utilities	2,811
Janitorial services	354
Office supplies	<u>331</u>
Total Housing Support Advocacy	\$ <u>88,912</u>

See independent auditors' report.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE III – EXPENSES BY OBJECT AND FUNDING SOURCE - MANAGEMENT AND GENERAL

FOR THE YEAR ENDED JUNE 30, 2020

	State of CT Department of Aging and Disability Services	JBGIA Community	CT Bar Foundation Interest on Lawyers Trust Account	CT Bar Foundation Court Fees Grant-in-Aid	CT Dept of Mental Health and Addiction Services Consent Contract No. 18MHA6027	Commision on Human Rights and Opportunities	Funded through PPP Loan	Total
Salaries	\$ 5,057	\$ 7,764	\$ 11,741	\$ 48,637	\$ 93,823	\$ 1,188	\$ 30,175	\$ 198,385
Payroll taxes and benefits	1,243	2,093	3,045	12,604	25,238	354	7,675	52,252
Audit	--	--	1,875	7,498	10,403	--	--	19,776
Insurance	--	--	1,815	7,260	11,089	--	--	20,164
Payroll service	--	--	254	1,016	2,462	--	--	3,732
Pension plan admin fees	--	--	120	480	600	--	--	1,200
Depreciation	24	36	55	272	510	6	140	1,043
Office supplies	--	--	50	201	436	--	--	687
Banking service fees	--	--	33	130	388	--	--	551
Postage	--	--	13	51	85	--	--	149
In-kind								--
Occupancy	537	825	1,247	6,162	11,583	126	3,205	23,685
Utilities	230	352	533	2,633	4,950	54	1,370	10,122
Janitorial services	29	44	67	332	624	7	173	1,276
Office supplies	27	42	63	310	583	6	161	1,192
Total Management and General	<u>\$ 7,147</u>	<u>\$ 11,156</u>	<u>\$ 20,911</u>	<u>\$ 87,586</u>	<u>\$ 162,774</u>	<u>\$ 1,741</u>	<u>\$ 42,899</u>	<u>\$ 334,214</u>

See independent auditors' report.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE IV – EXPENSES BY OBJECT AND FUNDING SOURCE - FUNDRAISING

FOR THE YEAR ENDED JUNE 30, 2020

	CT Dept of Mental Mental Health and Addiction Services Contract No. 18MHA6027	CT Bar Foundation Court Fees Grant-in-Aid	Total
Salaries	\$ 12,302	\$ 12,301	\$ 24,603
Payroll taxes and benefits	<u>3,262</u>	<u>3,262</u>	<u>6,524</u>
Total Fundraising	<u>\$ 15,564</u>	<u>\$ 15,563</u>	<u>\$ 31,127</u>

See independent auditors' report.

**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
Connecticut Legal Rights Project, Inc.

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 Connecticut Legal Rights Project, Inc. (CLRP), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, 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 November 12, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered CLRP's internal control over financial reporting (internal control) as a basis for designing 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 CLRP's internal control. Accordingly, we do not express an opinion on the effectiveness of the CLRP'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 CLRP'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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

New Haven, CT
February 4, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

To The Board of Directors
Connecticut Legal Rights Project, Inc.

REPORT ON COMPLIANCE FOR MAJOR STATE PROGRAM

We have audited Connecticut Legal Rights Project, Inc.'s (CLRP) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on CLRP's major state programs for the year ended June 30, 2020. CLRP's major state 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 the requirements of laws, regulations, contracts and grants applicable to its state program.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for CLRP's major state 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 State Single Audit Act (C.G.S Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining on a test basis, evidence about CLRP'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 CLRP's major state programs. However, our audit does not provide a legal determination of CLRP's compliance.

OPINION ON MAJOR STATE PROGRAM

In our opinion, CLRP, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CLRP's major state programs for the year ended June 30, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of CLRP 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 CLRP's internal control over compliance with the types of requirements that could have a direct and material effect on CLRP's major state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for CLRP's major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CLRP'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 state 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 state 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state 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 State Single Audit Act. Accordingly this report is not suitable for any other purposes.

REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

We have audited the financial statements of CLRP, as of and for the year ended June 30, 2020 and have issued our report thereon dated February 4, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Marcum LLP

New Haven, CT
February 4, 2021

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Program Title	Contract/Grant Number	State Grant Program Core-CT Number	Expenditures
Connecticut Department of Mental Health and Addiction Services (DMHAS)			
Consent Advocacy	18MHA6027		\$ 885,371
Community Advocacy	18MHA6028		<u>97,397</u>
	Total DMHAS Expenditures		<u>982,768</u>
Judicial Branch:			
Passed through from the Connecticut Bar Foundation			
Court Fees Grant-In-Aid		34001-JUD95000-22009	349,336
Judicial Branch Grant-In-Aid		11000-JUD95131-22004	<u>50,927</u>
	Total Judicial Branch Expenditures		<u>400,263</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,383,031</u>

See notes to schedule of expenditures of state financial assistance.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2020

The accompanying Schedule of Expenditures of State Financial Assistance includes grant activity of CLRP under programs of the State of Connecticut for the fiscal year ended June 30, 2020. The State of Connecticut, including its Department of Mental Health and Addiction Service and the Judicial Branch provide financial assistance to CLRP through grants and other authorizations in accordance with General Statutes of the State of Connecticut.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of CLRP conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The information in the Schedule of Expenditures of State Financial Assistance is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

BASIS OF PRESENTATION

The expenditures reported on the Schedule of Expenditures of State Financial assistance are reported on the accrual basis of accounting, consistent with the preparation of the financial statements.

NOTE 2 – IN-KIND - DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS)

Included in the schedule of expenditures of state financial assistance for the DMHAS Consent Advocacy program is \$179,192 representing in-kind contributions provided and valued by DMHAS, and recognized in CLRP's financial statements, for occupancy costs (\$50,000), utilities (\$117,000), janitorial services (\$6,300) and office supplies (\$5,892).

NOTE 3 – SUBRECIPIENTS

CLRP had no subrecipients for the year ended June 30, 2020.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *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

State Financial Assistance

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 program: *Unmodified*

Any audit findings disclosed that are required in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? _____ yes x no

- The following schedule reflects the major programs included in the audit:

State Grantor/Program	State Grant Program Core-CT Number	Expenditures
Department of Mental Health and Addiction Services:		
General Advocacy	-	\$ 885,371
Judicial Branch		
Passed through from the Connecticut Bar Foundation		
Court Fees Grant-in Aid	34001-JUD95000-22009	\$ 349,336

Dollar threshold to distinguish between type A and type B programs: \$200,000

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

II. SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS REQUIRED BY GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

- We issued a report, dated February 4, 2021, 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*.
- Our report on compliance indicated no reportable instances of noncompliance or other matters.
- Our report on internal control over financial reporting indicated no material weaknesses.

III. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE

There were no findings or questioned costs related to state financial assistance programs.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SUMMARY OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2020

There were no findings related to state financial assistance programs reported in the prior year.