



## LONDON & COMPANY, LLC

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### INDEPENDENT AUDITORS' REPORT

Board of Directors  
Connecticut Veterans Legal Center, Inc.  
114 Orange Avenue  
West Haven, Connecticut 06516

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

We have audited the accompanying financial statements of Connecticut Veterans Legal Center, Inc. (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year ended, and related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 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, 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 Veterans Legal Center, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Connecticut Veterans Legal Center, Inc.'s financial statements as of and for the year ended June 30, 2019 and expressed an unmodified audit opinion on those financial statements, in our report dated December 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Very truly yours,

*London & Company, LLC*

London & Company, LLC  
Certified Public Accountants  
November 18, 2020

CONNECTICUT VETERANS LEGAL CENTER, INC.  
WEST HAVEN, CONNECTICUT

I. Independent Auditor's Report.

II. Financial Statements:

Exhibit A - Comparative Statement of Financial Position as of June 30, 2020 and June 30, 2019.

Exhibit B - Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2020 with Comparative Totals for the Year Ended June 30, 2019.

Exhibit C - Statement of Functional Expenses for the Year Ended June 30, 2020 with Comparative Totals for the Year Ended June 30, 2019.

Exhibit D - Comparative Statement of Cash Flows for the Years Ended June 30, 2020 and June 30, 2019.

Notes to Financial Statements.

CONNECTICUT VETERANS LEGAL CENTER, INC.  
WEST HAVEN, CONNECTICUT  
COMPARATIVE STATEMENT OF FINANCIAL POSITION

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<b><u>A S S E T S</u></b>		
<b><u>Current Assets:</u></b>		
Cash	\$ 400,528	\$ 537,100
Cash - Board Designated	325,000	325,000
Fees and Contributions receivable	109,127	43,495
Prepaid expenses	12,373	9,272
Total Current Assets	847,028	914,867
<b><u>TOTAL ASSETS</u></b>	<b>\$ 847,028</b>	<b>\$ 914,867</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities:</u></b>		
Accounts payable	\$ 8,030	\$ 6,500
Accrued expenses	314	8,649
Accrued payroll taxes	189	11,909
Refundable advance	122,023	-
Accrued wages	24,699	17,931
Total Current Liabilities	155,255	44,989
<b><u>Net Assets:</u></b>		
Without Donor Restrictions -Operating	316,773	293,846
Without Donor Restrictions - Board Designated	325,000	325,000
With Donor Restrictions	50,000	251,032
Total Net Assets	691,773	869,878
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b>\$ 847,028</b>	<b>\$ 914,867</b>

See Accompanying Notes

CONNECTICUT VETERANS LEGAL CENTER, INC.  
WEST HAVEN, CONNECTICUT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE  
TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020</u>	<u>Totals 2019</u>
<u>Revenue and Support:</u>				
Grants	\$ 537,913	\$ 50,000	\$ 587,913	\$ 636,463
Contract support	83,863	-	83,863	74,637
Contributions	1,076,336	-	1,076,336	1,178,695
Fee income	14,694	-	14,694	-
Interest income	246	-	246	57
Net assets released from restrictions:				
Satisfaction of Program Restrictions	<u>251,032</u>	<u>( 251,032)</u>	<u>-</u>	<u>-</u>
<u>Total Revenue and Support</u>	<u>1,964,084</u>	<u>( 201,032)</u>	<u>1,763,052</u>	<u>1,889,852</u>
<u>Expenses:</u>				
Program - Court fees	11,624	-	11,624	77,510
Program - Judicial	96,249	-	96,249	8,448
Program - IOLTA	26,381	-	26,381	17,354
Program - other	1,627,861	-	1,627,861	1,413,905
Management & General	69,601	-	69,601	64,141
Fundraising expenses	<u>109,441</u>	<u>-</u>	<u>109,441</u>	<u>159,359</u>
<u>Total Expenses</u>	<u>1,941,157</u>	<u>-</u>	<u>1,941,157</u>	<u>1,740,717</u>
<u>Change in Net Assets</u>	22,927	<u>( 201,032)</u>	<u>( 178,105)</u>	149,135
<u>Net Assets - Beginning</u>	<u>618,846</u>	<u>251,032</u>	<u>869,878</u>	<u>720,743</u>
<u>Net Assets - Ending</u>	<u>\$ 641,773</u>	<u>\$ 50,000</u>	<u>\$ 691,773</u>	<u>\$ 869,878</u>

CONNECTICUT VETERANS LEGAL CENTER, INC.  
WEST HAVEN, CONNECTICUT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE  
TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Court Fee Grant	Judicial Grant	IOLTA Grant	Other	Total	Management & General	Fundraising	Totals	
								2020	2019
Salaries	\$ 9,532	\$ 78,924	\$ 21,632	\$ 660,600	\$ 770,688	\$ 53,768	\$ 71,692	\$ 896,148	\$ 666,451
Payroll taxes	763	6,314	1,730	52,434	61,241	4,273	5,697	71,211	54,009
Fringe benefits	1,329	11,011	3,019	32,989	48,348	3,373	4,498	56,219	34,990
Total Salaries and Fringe Benefits	11,624	96,249	26,381	746,023	962,164	61,414	81,887	1,023,578	755,450
Occupancy	-	-	-	6,990	6,990	953	-	7,943	7,943
Communication expense	-	-	-	4,828	4,828	536	-	5,364	5,023
Office supplies	-	-	-	10,876	10,876	1,201	-	12,077	12,847
Postage	-	-	-	1,504	1,504	167	-	1,671	2,293
Professional development and fees	-	-	-	7,352	7,352	817	-	8,169	9,602
Travel and parking	-	-	-	7	7	-	-	7	9,546
Insurance	-	-	-	8,381	8,381	931	-	9,312	10,513
Conferences, conventions & meetings	-	-	-	4,202	4,202	467	-	4,669	5,392
Meals and entertainment	-	-	-	511	511	56	-	567	1,200
Professional fees and consultants	-	-	-	16,021	16,021	1,780	-	17,801	31,887
Legal services	-	-	-	697,500	697,500	-	-	697,500	780,000
Marketing / publications	-	-	-	1,118	1,118	-	-	1,118	2,333
Website	-	-	-	-	-	-	-	-	8,150
Information technology	-	-	-	11,516	11,516	1,279	-	12,795	8,288
Subgrantee expenses	-	-	-	111,032	111,032	-	-	111,032	5,876
Fundraising events	-	-	-	-	-	-	27,554	27,554	84,374
Total Expenses	\$ 11,624	\$ 96,249	\$ 26,381	\$ 1,627,861	1,762,115	\$ 69,601	\$ 109,441	\$ 1,941,157	\$ 1,740,717

See Accompanying Notes

CONNECTICUT VETERANS LEGAL CENTER, INC.  
WEST HAVEN, CONNECTICUT  
COMPARATIVE STATEMENT OF CASH FLOWS  
Increase (Decrease) in Cash

	<u>For the Years Ended</u>	
	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ ( 178,105)	\$ 149,135
Adjustments to reconcile excess of revenues over expenses to net cash used in operating activities:		
Change in assets and liabilities:		
Increase Decrease in Assets and Liabilities:		
Fees and Contributions receivable	( 65,632)	96,276
Prepaid expenses	( 3,101)	( 5,533)
Accounts payable	1,530	( 5,353)
Accrued expenses	( 8,335)	8,649
Accrued payroll taxes	( 11,720)	4,337
Refundable advance	122,023	-
Accrued wages	<u>6,768</u>	<u>7,862</u>
Total Adjustments	<u>41,533</u>	<u>106,238</u>
Net Increase (Decrease) in Cash	( 136,572)	255,373
<u>Cash at the Beginning of Year</u>	<u>537,100</u>	<u>281,727</u>
<u>Cash at the End of Year</u>	<u>\$ 400,528</u>	<u>\$ 537,100</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
<u>Non-Cash Program Activities</u>		
Occupancy costs	\$ 7,943	\$ 7,943
Legal services	\$ 697,500	\$ 780,000

See Accompanying Notes

CONNECTICUT VETERANS LEGAL CENTER, INC.  
WEST HAVEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization:

The mission of the Connecticut Veterans Legal Center, Inc. ("Center"), is to help veterans recovering from homelessness and serious mental illness overcome legal barriers to housing, healthcare and income.

Note 2 - Accounting Policies:

A. Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported 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. These net assets may be used at the discretion of management and the board of directors.

Net Assets with Donor Restrictions:

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction on a transaction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

B. Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Donated Materials and Services:

The Center recognizes donated services if they create or enhance non-financial assets or requires specialized skills and would be typically purchased if not provided by donation. For the years ended June 30, 2020 and June 30, 2019, the Center received contributed professional legal services valued at \$697,500 and \$780,000 respectively, which are included in contributions and expenses in the statement of activities.

For the years ended June 30, 2020 and June 30, 2019, the Organization received contributed facilities valued at \$7,943, which are included in contributions and expenses in the statement of activities.



CONNECTICUT VETERANS LEGAL CENTER, INC.  
WEST HAVEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 2 - Accounting Policies: (Continued)

D. Depreciation:

Property and equipment are capitalized at cost, or if donated, at fair market value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for additions and improvements are capitalized, and costs for repairs and maintenance are charged to expense as incurred. The Center follows the practice of capitalizing all expenditures for property and equipment in excess of \$500.

E. Tax Status:

The Center is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Internal Revenue Service classifies the Center as a non-private foundation. There was no unrelated business income for the year ended June 30, 2020 and June 30, 2019. The federal information returns of the Center are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

F. Cash and Cash Equivalents:

The Center holds all its cash in accounts that are subject to immediate withdrawal. The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. During the period covered by these financial statements, the Center has not invested in financial instruments classified as cash equivalents.

Note 13 - Method Used For Allocation of Expenses:

The Center's general approach to cost allocations is as follows: allowable direct costs are charged directly to programs, grants, activity, etc. Costs that can be identified to more than one program are prorated individually as direct costs using a base most appropriate to the cost being prorated. All other costs (i.e. general and administrative) are allocated using a base that results in an equitable distribution.

Note 4 Concentration of Credit Risk:

The Center maintains cash balances in excess of \$250,000 at a bank, which is insured by the Federal deposit Insurance Corporation for amounts up to \$250,000. At June 30, 2020 and June 30, 2019, the organization's uninsured cash balance was \$475,528 and \$612,100 respectively.

Note 5 - Program Grants:

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to the respective grantors.

CONNECTICUT VETERANS LEGAL CENTER, INC.  
WEST HAVEN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS

Note 6 - Concentration of Revenue:

For the year ended June 30, 2019, the Center received approximately 24% of its total revenues from the Bob Woodruff Foundation, Inc.

Note 7 - Net Assets With Donor Restrictions:

At June 30, 2020 and June 30, 2019, net assets with donor restrictions consisted of \$50,000 and \$251,032 respectively, to be used for future programs.

Note 8 - Evaluation of Subsequent Events:

Management has evaluated subsequent events through November 18, 2020, the date which the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. Given regulatory restrictions since the outbreak was announced, the situation creates uncertainty about the impact on future revenues that might be generated or expenses incurred. Due to the unknown duration and extent of the outbreak, the Organization is unable to determine the impact it might have on future operations and financial performance.

In April 2020, the Organization received a \$209,182 payroll protection program loan/grant related to the CARES Act. The Organization may apply for forgiveness of all or a portion of the loan based on the amount of qualifying expenses. For the year ended June 30, 2020 had incurred \$87,159 in qualified expenses. At June 30, 2020, the Organization had \$122,023 unspent funds reflected as refundable advance on Exhibit A.

Note 9 - Board Designated Unrestricted Net Assets:

The Board of Directors of the Center has deemed it prudent operating policy to maintain a "reserve", representing a minimum level of funds required to continue current core operations for approximately a six-month period. Consequently, the operating reserve is designed to provide cash flows to cover program costs and grant obligations. As of June 30, 2020 and June 30, 2019 the designated reserves totaled \$325,000.

Note 10 - Liquidity and Availability of Financial Assets:

The Center is funded by contributions from donors that contain restrictions. Those restrictions require that resources be used in a certain manner or in a future period. Therefore, the Center must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditures within one year. The Center has approximately \$847,028 of financial assets available within one year of the statement of financial position to meet cash needs for general expenditures, consisting of cash of \$725,528, \$109,127 in accounts receivable and \$12,373 in prepaid expenses. \$50,000 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. As part of liquidity management, the Center structures its financial assets to be available as general expenditures, liabilities and other obligations become due. The Center also invests its cash in excess of its daily needs in short term investments.