



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, 2016, 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 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 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, 2016, 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, 2015 and expressed an unmodified audit opinion on those financial statements, in our report dated December 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Very truly yours,

London & Company, LLC
Certified Public Accountants
January 13, 2017

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, 2016 and June 30, 2015.

Exhibit B - Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015.

Exhibit C - Statement of Functional Expenses for the Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015.

Exhibit D - Comparative Statement of Cash Flows for the Years Ended June 30, 2016 and June 30, 2015.

Notes to Financial Statements.

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

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
<u>A S S E T S</u>		
<u>Current Assets:</u>		
Cash	\$ 439,390	\$ 405,602
Cash - Board Designated	325,000	350,000
Fees and Contributions receivable	10,000	10,000
Prepaid expenses	<u>2,789</u>	<u>2,175</u>
Total Current Assets	<u>777,179</u>	<u>767,777</u>
<u>TOTAL ASSETS</u>	<u>\$ 777,179</u>	<u>\$ 767,777</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts payable	\$ 11,647	\$ 16,451
Accrued payroll taxes	5,832	1,676
Accrued wages	<u>7,178</u>	<u>19,387</u>
Total Current Liabilities	<u>24,657</u>	<u>37,514</u>
<u>Net Assets:</u>		
Unrestricted		
Operating	357,522	228,739
Board Designated	325,000	350,000
Temporarily restricted	<u>70,000</u>	<u>151,524</u>
Total Net Assets	<u>752,522</u>	<u>730,263</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 777,179</u>	<u>\$ 767,777</u>

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, 2016, WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>Totals</u> <u>2015</u>
<u>Revenue and Support:</u>				
Grants	\$ 132,574	\$ 90,000	\$ 222,574	\$ 356,884
Contract support	62,450	-	62,450	74,952
Contributions	798,341	-	798,341	734,348
Net assets released from restrictions:				
Satisfaction of Program Restrictions	<u>171,524</u>	<u>(171,524)</u>	<u>-</u>	<u>-</u>
<u>Total Revenue and Support</u>	<u>1,164,889</u>	<u>(81,524)</u>	<u>1,083,365</u>	<u>1,166,184</u>
<u>Expenses:</u>				
Management & General	51,951	-	51,951	44,303
Fundraising expenses	80,338	-	80,338	29,318
Program services	<u>928,817</u>	<u>-</u>	<u>928,817</u>	<u>801,111</u>
<u>Total Expenses</u>	<u>1,061,106</u>	<u>-</u>	<u>1,061,106</u>	<u>874,732</u>
<u>Change in Net Assets</u>	103,783	(81,524)	22,259	291,452
<u>Net Assets - Beginning</u>	<u>578,739</u>	<u>151,524</u>	<u>730,263</u>	<u>438,811</u>
<u>Net Assets - Ending</u>	\$ <u>682,522</u>	\$ <u>70,000</u>	\$ <u>752,522</u>	\$ <u>730,263</u>

See Accompanying Notes

CONNECTICUT VETERANS LEGAL CENTER, INC.
WEST HAVEN, CONNECTICUT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016, WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	Program <u>Services</u>	Management <u>& General</u>	<u>Fundraising</u>	Totals <u>2016</u>	<u>2015</u>
Salaries	\$ 385,412	\$ 38,535	\$ 26,098	\$ 450,045	\$ 329,370
Payroll taxes	31,224	3,730	2,348	37,302	30,773
Fringe benefits	<u>12,351</u>	<u>1,372</u>	<u>-</u>	<u>13,723</u>	<u>10,958</u>
Total Salaries and Fringe Benefits	457,433	43,637	28,446	501,070	371,101
Occupancy	6,990	953	-	7,943	7,943
Office supplies	4,939	871	-	5,810	3,991
Postage	1,705	189	-	1,894	1,006
Professional development and fees	5,470	746	-	6,216	5,626
Travel	7,522	1,026	-	8,548	9,453
Insurance	3,430	468	-	3,898	2,353
Conferences, conventions & meetings	13,219	1,468	-	14,687	2,293
Meals and entertainment	991	474	-	1,465	1,817
Professional fees and consultants	4,444	606	-	5,050	16,100
Legal services	423,750	-	-	423,750	400,000
Marketing / publications	3,530	392	-	3,922	510
Website	1,041	184	-	1,225	1,475
Statistical analysis	15,000	-	-	15,000	15,000
Information technology	4,831	935	-	5,766	1,909
Research participant expense	2,948	-	-	2,948	4,000
Fundraising events	51,892	-	51,892	51,892	29,318
Miscellaneous	<u>20</u>	<u>2</u>	<u>-</u>	<u>22</u>	<u>837</u>
Total Expenses	\$ <u>928,817</u>	\$ <u>51,951</u>	\$ <u>80,338</u>	\$ <u>1,061,106</u>	\$ <u>874,732</u>

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>2016</u>	<u>2015</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ <u>22,259</u>	\$ <u>291,452</u>
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:		
Board designated funds	25,000	(350,000)
Fees and Contributions receivable	-	(8,045)
Prepaid expenses	(614)	(797)
Accounts payable	(4,804)	13,738
Accrued wages and payroll taxes	(8,053)	<u>8,551</u>
Total Adjustments	<u>11,529</u>	<u>(336,553)</u>
Net Increase in Cash	33,788	(45,101)
<u>Cash at the Beginning of Year</u>	<u>405,602</u>	<u>450,703</u>
<u>Cash at the End of Year</u>	<u>\$ 439,390</u>	<u>\$ 405,602</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	\$ 423,750	\$ 400,000

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:

Unrestricted net assets:

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets:

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.

Permanently restricted net assets:

Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on any related investments for general or specific purposes.

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, 2016 and June 30, 2015, the Center received contributed professional legal services valued at \$423,750 and \$400,000 respectively, which are included in contributions and expenses in the statement of activities.

For the years ended June 30, 2016 and June 30, 2015, 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 1 - 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, 2016 and June 30, 2015. 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 2 - Allocation of Functional Expenses:

The costs of providing the Center's various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 3 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, 2016 and June 30, 2015, the organization's uninsured cash balance was \$512,537 and \$495,592 respectively.

Note 4 - 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 5 - Concentration of Revenue:

For the year ended June 30, 2016 and June 30, 2015, the Center received approximately 0% and 24% respectively, of its total revenues from the Bristol-Myers Squibb Foundation, Inc.

Note 6 - Temporarily Restricted Net Assets:

At June 30, 2016 and June 30, 2015, temporarily restricted net assets consisted of \$70,000 and \$151,524, to be used for the Udell Fellow and Medical Legal Partnership Program, respectively.

Note 7 - Evaluation of Subsequent Events:

Management has evaluated subsequent events through January 13, 2017, the date which the financial statements were available to be issued.

Note 8 - 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, 2016 and June 30, 2015 the designated reserves totaled \$325,000 and \$350,000, respectively.