

Volunteer Lawyers for Justice, Inc.
(a nonprofit corporation)
Financial Statements and
Supplementary Information
December 31, 2022 and 2021

Volunteer Lawyers for Justice, Inc.
(a nonprofit corporation)
Contents
December 31, 2022 and 2021

	Page(s)
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Changes in Net Assets	5
Statements of Functional Expenses	6-7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9-13
Independent Auditors' Report on Supplementary Information	14
Supplementary Information:	
Schedule of Budgeted and Actual Expenditures of Restricted IOLTA Grants	15
Independent Auditors' Report on Internal Control Structure	16-17



Independent Auditors' Report

To the Board of Trustees of:

Volunteer Lawyers for Justice, Inc.

**(a nonprofit corporation)
Newark, New Jersey**

We have audited the accompanying financial statements of Volunteer Lawyers for Justice, Inc. (a nonprofit corporation) ("VLJ"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's



judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VLJ as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Hyde and Associates, LLC

Hyde and Associates, LLC

Chester, New Jersey

July 22, 2023

Volunteer Lawyers For Justice, Inc.
(a nonprofit corporation)
Statements of Financial Position
December 31, 2022 and 2021
(See independent auditors' report)

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$2,355,001	\$2,148,360
Account receivable	\$ 159,761	\$ 4,825
Merchant Account	\$ 8,939	
Prepaid Expenses	\$ 1,500	
Pledges receivable	<u>\$ 7,500</u>	<u>7,500</u>
TOTAL CURRENT ASSETS	2,532,701	2,160,685
Property and equipment, net	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$2,532,701</u>	<u>\$2,160,685</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 268,814	\$ 209,211
NET ASSETS:		
Without donor restrictions	1,088,547	1,951,474
With donor restrictions	<u>1,175,340</u>	<u>-</u>
TOTAL NET ASSETS	<u>2,263,887</u>	<u>1,951,474</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,532,701</u>	<u>\$2,160,685</u>

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

Volunteer Lawyers For Justice, Inc.
(a nonprofit corporation)
Statements of Activities
For the year ended December 31, 2022
(See independent auditors' report)

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

PUBLIC SUPPORT AND REVENUE:

Public Support:	Unrestricted	Temporarily Restricted	Total
Foundations	258,400	806,849	1,065,249
Corporations	163,000	51,000	214,000
Governments	-	341,491	341,491
Individuals	243,682		243,682
Fundraising events, net of expenses	626,382		626,382
Donated services and supplies	59,964		59,964
Total Unrestricted Public Support	1,351,428	1,199,340	2,550,768
Net assets released from restrictions:			
Restrictions satisfied by payments	24,000	(24,000)	-
Interest Income	2,691	-	2,691
Total Public Support and Revenue	1,378,119	1,175,340	2,553,459
EXPENSES:			
Program Services:			
Program development	1,686,113	-	1,686,113
Supporting Services:			
Management and general	271,779	-	271,779
Fundraising	283,155	-	283,155
Total Supporting Services	554,934		554,934
Total Expenses	2,241,047	-	2,241,047
CHANGE IN NET ASSETS	(862,927)	1,175,340	312,413
Net Assets, Beginning of Year	1,951,474	-	1,951,474
Net Assets, End of Year	1,088,547	1,175,340	2,263,887

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

Volunteer Lawyers For Justice, Inc.
(a nonprofit corporation)
Statements of Changes in Net Assets
For the years ended December 31, 2022 and 2021
(See independent auditors' report)

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, December 31, 2020	\$ 1,270,726	\$ -	\$ 1,270,726
Change in net assets	<u>680,748</u>	<u>-</u>	<u>680,748</u>
Net assets, December 31, 2021	1,951,474	-	1,951,474
Change in net assets	<u>(862,927)</u>	<u>1,175,340</u>	<u>312,413</u>
Net assets, December 31, 2022	<u>\$ 1,088,547</u>	<u>\$ 1,175,340</u>	<u>\$ 2,263,887</u>

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

Volunteer Lawyers For Justice, Inc.
(a nonprofit corporation)
Statement of Functional Expenses
For the year ended December 31, 2021
(See independent auditors' report)

	Program Services	Supporting Services			Total Expenses 2021
		Management and General	Fund- raising	Total	
Salaries, payroll taxes and benefits	\$ 1,309,282	\$ 206,795	\$ 215,166	\$ 421,961	\$ 1,731,244
Parking and transportation		-	-	-	-
Professional fees	3,963	3,962	-	3,962	7,925
Donated services and supplies	39,675	6,613	6,613	13,225	52,900
Office expenses and supplies	16,919	2,820	2,820	5,640	22,558
Insurance	13,941	1,549	-	1,549	15,490
Bank charges and merchant fees	-		9,160	9,160	9,160
Telephone	5,640	940	940	1,880	7,520
Consulting Expense	2,148	2,085	2,085	4,170	6,318
Payroll processing fees	5,886	981	981	1,962	7,849
Computer and internet expense	24,310	4,052	4,052	8,103	32,414
Postage	2,723	-	908	908	3,631
Printing and reproduction	232	-	99	99	331
Rent					
Conferences, seminars and education	10,151	-	-	-	10,151
Dues, subscriptions and licenses	11,571	2,893	-	2,893	14,464
Total expenses before depreciation	1,446,442	232,689	242,823	475,512	1,921,955
Depreciation	1,233	-	-	-	1,233
	\$ 1,447,675	\$ 232,689	\$ 242,823	\$ 475,512	\$ 1,923,188

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

Volunteer Lawyers For Justice, Inc.
(a nonprofit corporation)
Statement of Functional Expenses
For the year ended December 31, 2022
(See independent auditors' report)

	Program Services	Supporting Services			Total Expenses 2022
		Management and General	Fund- raising	Total	
Salaries, payroll taxes and benefits	\$ 1,484,802	\$ 234,518	\$ 244,011	\$ 478,528	\$ 1,963,330
Parking and transportation		-	-	-	
Professional fees	4,280	4,280	-	4,280	\$ 8,560
Donated services and supplies	44,973	7,496	7,496	14,991	\$ 59,964
Office expenses and supplies	16,938	2,823	2,823	5,646	\$ 22,584
Insurance	20,112	2,235	-	2,235	\$ 22,347
Bank charges and merchant fees	-	-	9,559	9,559	\$ 9,559
Telephone	7,495	1,249	1,249	2,498	\$ 9,993
Consulting Expense	2,586	2,510	2,510	5,019	\$ 7,605
Payroll processing fees	22,210	3,702	3,702	7,403	\$ 29,614
Computer and internet expense	21,374	3,562	3,562	7,125	\$ 28,499
Postage	5,283	-	1,761	1,761	\$ 7,044
Printing and reproduction	3,067	-	1,315	1,315	\$ 4,382
Rent					
Travel, Meals and Hosting	31,008	5,168	5,168	10,336	\$ 41,344
Conferences, seminars and education	5,036	-	-	-	\$ 5,036
Dues, subscriptions and licenses	16,948	4,237	-	4,237	\$ 21,185
Total expenses before depreciation	1,686,113	271,779	283,155	554,934	2,241,047
Depreciation	-	-	-	-	-
	\$ 1,686,113	\$ 271,779	\$ 283,155	\$ 554,934	\$ 2,241,047

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

Volunteer Lawyers For Justice, Inc.
(a nonprofit corporation)
Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(See independent auditors' report)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ (862,927)	\$ 680,748
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense	-	1,233
Changes in assets and liabilities:		
(Increase) Decrease in Merchant Account	(8,939)	
Increase (Decrease) in Client trust funds		24,631
(Increase) Decrease in Prepaid Expenses	(1,500)	
Increase (Decrease) in accrued expenses	12,544	13,114
Increase (Decrease) in Payroll Liabilities	5,060	
Increase (Decrease) in Credit Card Payable	42,000	
(Increase) Decrease in account receivable	<u>(154,936)</u>	<u>(4,825)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>(968,699)</u>	 <u>714,901</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	<u>-</u>	<u>-</u>
 NET CASH USED IN INVESTING ACTIVITIES	 -	 -
 Net increase in cash and cash equivalents	 (968,699)	 714,901
Cash and cash equivalents at beginning of year	<u>2,148,360</u>	<u>1,433,459</u>
Cash and cash equivalents at end of year	<u>\$ 1,179,661</u>	<u>\$2,148,360</u>

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

1. Summary of Significant Accounting Policies

Organization

Volunteer Lawyers for Justice, Inc. ("VLJ" the Organization"), a non-profit organization incorporated in the State of New Jersey, is a comprehensive, state-wide pro bono program for New Jersey based in Newark. VLJ's mission is to ensure access to justice for people experiencing poverty. VLJ fulfills its mission by mobilizing volunteers to work alongside staff to address critical legal needs across New Jersey, advancing racial, social, and economic justice for the most vulnerable members of our community. Created in 2001 by a small group of advocates concerned about the scarcity of free legal services for people experiencing poverty, VLJ has grown significantly from one to twenty-one staff-people and a handful of volunteers to a volunteer panel with more than 1,500 volunteers.

VLJ currently operates a number of distinct legal programs in the areas of bankruptcy, family, consumer, education, criminal reentry, veterans' issues, tenancy and trafficking victims' issues. Those programs include legal counsel and advice clinics, educational or "know your rights" seminars, and direct referral of cases to volunteer attorneys who are trained, recruited and mentored by VLJ. VLJ's programs have garnered several awards including the NJ State Governor's Jefferson Award for Public Service, New Jersey State Bar Association's *Pro Bono* Award, "The Community Builder Award" from the New Jersey Institute for Social Justice, and the "Bernard Kuttner Award" from the Essex County Bar Association.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations.

Net Assets

The net assets of VLJ and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and are not subject to donor restriction.

Net Assets (continued)

Net Assets With Donor Restrictions – Net assets for which the use has been restricted by donors for specific purposes and/or the passage of time. VLJ reports grants and contributions as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or 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.”

Cash and Cash Equivalents

For purposes of the statements of cash flows, VLJ considers all highly liquid debt instruments purchased with a maturity of three months or less, to be cash equivalents.

Tax Status

VLJ is a not-for-profit organization exempt from federal income taxes under section 501(c) (3) of the Internal Revenue Code.

Promises to Give/Pledges

Unconditional promises to give/pledges are recognized as revenues in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

Funding Sources

VLJ receives most of its support from other non-profit organizations, law firms, corporations, and individuals located primarily throughout New Jersey. In addition to the above support, VLJ received grants from The IOLTA Fund of the Bar of New Jersey. The continued operations of VLJ are contingent upon the continued support from these sources.

Property and Equipment

Property and equipment are stated at cost and depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash and cash equivalents and certificates of deposit are maintained at high quality financial institutions and credit exposure is limited to any one institution.

Volunteer Lawyers for Justice, Inc.
(a nonprofit corporation)
Notes to Financial Statements
December 31, 2022 and 2021

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 those estimates.

Adoption of accounting pronouncement

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 amends financial-statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, and (iv) liquidity and availability of resources. ASU 2016-14 was effective for annual reporting periods issued for years beginning after December 15, 2017. Accordingly, VLJ was required to adopt ASU 2016-14 for its year ended December 31, 2022, which under U.S. GAAP was a change in accounting principle requiring retroactive application in the financial statements of certain areas, whereas certain other areas were adopted on a prospective basis. Although VLJ's adoption of ASU 2016-14 had no effect on VLJ's total net assets or its changes in net assets for 2022 and 2021, certain reclassifications were required. Accordingly, VLJ changed its presentation of its net asset classes and expanded certain footnotes.

2. Property and Equipment

Property and Equipment includes the following classes:

	<u>Life</u>	<u>2022</u>	<u>2021</u>
Office Equipment	5 years	\$ 6,361	\$ 6,361
Computers	5 years	37,571	37,571
		<u>43,932</u>	<u>43,932</u>
Less: Accumulated depreciation		<u>(43,932)</u>	<u>(43,932)</u>
		<u>\$ -</u>	<u>\$ -</u>

Volunteer Lawyers for Justice, Inc.
(a nonprofit corporation)
Notes to Financial Statements
December 31, 2022 and 2021

3. Donated Services and Supplies

The fair market value of donated services and supplies was recorded as revenue with a corresponding expense in the accompanying statement of activities as follows:

	<u>2022</u>	<u>2021</u>
Office rent and utilities	\$ 37,625	\$ 46,400
Credit counseling and education services	10,064	\$ 675
Supplies, printing and copying	<u>12,275</u>	\$ 5,825
	<u>\$ 59,964</u>	<u>\$ 52,900</u>

4. Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services.

5. Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

- **Cash, cash equivalents, short-term unconditional promises to give:**
The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- **Short-term and endowment investments:**
The fair values of investments are based on quoted market prices for those or similar investments.

6. Net assets with donor restrictions

Net assets with donor restrictions have been established because of contributions to VLJ which have donor-imposed restrictions on their use.

Volunteer Lawyers for Justice, Inc.
(a nonprofit corporation)
Notes to Financial Statements
December 31, 2022 and 2021

7. Liquidity and availability of resources

The following reflects VLJ's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of December 31, 2022 because of donor-imposed restrictions.

VLJ's financial assets available for general use within one year of the statements of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 2,355,001
Account receivable	\$ 159,761
Prepaid Expenses	\$ 1,500
Merchant Account	\$ 8,939
Pledges receivable	\$ 7,500
Total financial assets available within one year	<u>2,532,701</u>
Less:	
Amounts unavailable for general expenditures within one year due to restrictions by donors with purpose restrictions	<u>(1,175,340)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,357,361</u>

Liquidity Policy:

VLJ's liquidity policy is to ensure that VLJ operates with an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs. Liquid funds that are without donor restriction will be used to satisfy the minimum liquidity target.

8. Subsequent Events

The Organization has evaluated subsequent events through the date the financial statements were issued, July 22, 2023.



Independent Auditors' Report on Supplementary Information

To the Board of Trustees of:

Volunteer Lawyers for Justice, Inc.

(a nonprofit corporation)

Newark, NJ

We have audited the financial statements of **Volunteer Lawyers for Justice, Inc.** as of and for the years ended December 31, 2022 and 2021 and have issued our report thereon dated July 22, 2023 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Budgeted and Actual Expenditures of Restricted IOLTA Grants is presented for the 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. Except for that portion marked "unaudited" on which we express no opinion, such 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.

Hyde and Associates, LLC

Hyde and Associates, LLC

Chester, New Jersey

July 22, 2023



Volunteer Lawyers For Justice, Inc.
(a nonprofit corporation)
Schedule of Budgeted and Actual Expenditures of Restricted IOLTA Grants
For the year ended December 31, 2022
(See independent auditors' report)

IOLTA Grants (Calendar Year 2022):

<u>Type of Expenditure</u>	<u>Unaudited Budgeted Expenditures</u>	<u>Reported Expenditures</u>	<u>Audit Adjustments</u>	<u>Reported Expenditures as Adjusted</u>
Salaries - Staff	\$ 24,000	\$ 24,000	\$ -	\$ 24,000
Total Expenditures	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 24,000</u>

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



Independent Auditors' Report on Internal Control Structure

The Board of Trustees of:

Volunteer Lawyers for Justice, Inc.

(a nonprofit corporation)

Newark, NJ

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 **Volunteer Lawyers for Justice, Inc. (a nonprofit corporation)** ("VLJ"/"the Organization"), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated July 22, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization'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.

Hyde and Associates, LLC

Hyde and Associates, LLC

Chester, New Jersey

July 22, 2023