

LAWYERS CONCERNED FOR LAWYERS

ST. PAUL, MINNESOTA

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

STATEMENTS OF FINANCIAL POSITION 1

STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS 2

STATEMENTS OF FUNCTIONAL EXPENSES 3

STATEMENTS OF CASH FLOWS 4

NOTES TO FINANCIAL STATEMENTS 5 - 13

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lawyers Concerned for Lawyers
St. Paul, Minnesota

We have audited the accompanying financial statements of Lawyers Concerned for Lawyers (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion.

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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 Lawyers Concerned for Lawyers as of June 30, 2021 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 the June 30, 2020 Financial Statements

The financial statements of Lawyers Concerned for Lawyers as of June 30, 2020, were reviewed by us and our report thereon, dated May 13, 2021, stated that based on our procedures, we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

HG&K, LTD

HG&K, Ltd
Certified Public Accountants
Minnetonka, Minnesota

January 20, 2022

LAWYERS CONCERNED FOR LAWYERS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 347,600	\$ 266,005
Grants receivable	59,103	87,665
Contributions receivable	-	25
Miscellaneous receivable	1,600	98
Prepaid expenses	11,872	15,388
	<u>\$ 420,175</u>	<u>\$ 369,181</u>
FIXED ASSETS		
Furniture and equipment	\$ 47,128	\$ 49,828
Leasehold improvements	2,147	4,186
Website development costs	11,250	15,313
Accumulated depreciation	(44,021)	(47,313)
	<u>\$ 16,504</u>	<u>\$ 22,014</u>
NONCURRENT ASSETS		
Security deposit	\$ 3,786	\$ 3,786
	<u>\$ 3,786</u>	<u>\$ 3,786</u>
TOTAL ASSETS	<u>\$ 440,465</u>	<u>\$ 394,981</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 9,541	\$ 10,679
Accrued expenses	6,922	9,443
Deferred rent	3,974	1,481
Deferred revenue	-	24,790
	<u>\$ 20,437</u>	<u>\$ 46,393</u>
NET ASSETS		
Without donor restrictions	\$ 359,693	\$ 293,308
With donor restrictions	60,335	55,280
	<u>\$ 420,028</u>	<u>\$ 348,588</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 440,465</u>	<u>\$ 394,981</u>

See accompanying notes to financial statements.

LAWYERS CONCERNED FOR LAWYERS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Annual grant - Legal Services Advisory Committee	\$ 577,319	\$ -	\$ 577,319	\$ 563,239	\$ -	\$ 563,239
Donations	104,544	3,975	108,519	63,288	1,940	65,228
Grants	18,180	5,820	24,000	10,000	4,000	14,000
Program fees and honoraria	6,708	-	6,708	1,677	-	1,677
Interest income	583	-	583	482	-	482
Miscellaneous income	420	-	420	264	-	264
Gain / (loss) on disposition of fixed assets	(237)	-	(237)	-	-	-
Net assets released from restriction	4,740	(4,740)	-	6,736	(6,736)	-
Total support and revenue	<u>\$ 712,257</u>	<u>\$ 5,055</u>	<u>\$ 717,312</u>	<u>\$ 645,686</u>	<u>\$ (796)</u>	<u>\$ 644,890</u>
FUNCTIONAL EXPENSES						
Program services	\$ 524,168	\$ -	\$ 524,168	\$ 454,886	\$ -	\$ 454,886
Management and general	100,895	-	100,895	103,902	-	103,902
Fundraising	20,809	-	20,809	16,469	-	16,469
	<u>\$ 645,872</u>	<u>\$ -</u>	<u>\$ 645,872</u>	<u>\$ 575,257</u>	<u>\$ -</u>	<u>\$ 575,257</u>
CHANGES IN NET ASSETS	\$ 66,385	\$ 5,055	\$ 71,440	\$ 70,429	\$ (796)	\$ 69,633
NET ASSETS, BEGINNING OF YEAR	<u>293,308</u>	<u>55,280</u>	<u>348,588</u>	<u>222,879</u>	<u>56,076</u>	<u>278,955</u>
NET ASSETS, END OF YEAR	<u>\$ 359,693</u>	<u>\$ 60,335</u>	<u>\$ 420,028</u>	<u>\$ 293,308</u>	<u>\$ 55,280</u>	<u>\$ 348,588</u>

See accompanying notes to financial statements.

LAWYERS CONCERNED FOR LAWYERS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total All Services	Program Services	Management and General	Fundraising	Total All Services
Salaries	\$ 291,531	\$ 58,958	\$ 7,921	\$ 358,410	\$ 247,054	\$ 60,117	\$ 7,908	\$ 315,079
Payroll taxes	22,367	4,524	608	27,499	18,677	4,544	598	23,819
Employee benefits	36,618	9,263	1,053	46,934	27,334	9,075	1,022	37,431
Rent	53,061	10,731	1,442	65,234	48,142	11,714	1,541	61,397
Telephone	7,816	1,581	212	9,609	7,367	1,793	236	9,396
Office supplies and equipment	19,692	1,993	415	22,100	9,379	2,208	405	11,992
Insurance	5,428	2,381	147	7,956	4,952	2,428	153	7,533
Accounting	-	8,596	-	8,596	-	7,867	-	7,867
Professional services	1,600	1,515	-	3,115	1,965	3,114	-	5,079
Staff development	4,365	431	59	4,855	4,409	99	-	4,508
Member events and meetings	-	-	-	-	311	307	-	618
Public awareness	11,349	55	4,676	16,080	14,069	-	4,541	18,610
Travel	75	-	-	75	10,333	11	-	10,344
Mental and chemical health services	59,739	-	-	59,739	58,730	-	-	58,730
Stepping Up expenses	6,238	-	4,159	10,397	-	-	-	-
Expenses before depreciation	\$ 519,879	\$ 100,028	\$ 20,692	\$ 640,599	\$ 452,722	\$ 103,277	\$ 16,404	\$ 572,403
Depreciation	4,289	867	117	5,273	2,164	625	65	2,854
Total expenses	<u>\$ 524,168</u>	<u>\$ 100,895</u>	<u>\$ 20,809</u>	<u>\$ 645,872</u>	<u>\$ 454,886</u>	<u>\$ 103,902</u>	<u>\$ 16,469</u>	<u>\$ 575,257</u>

See accompanying notes to financial statements.

LAWYERS CONCERNED FOR LAWYERS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 71,440	\$ 69,633
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	5,273	2,854
(Gain) / loss on disposition of fixed assets	237	-
Increase (decrease) in cash from changes in:		
Grants receivable	28,562	(73,578)
Contributions receivable	25	1,000
Miscellaneous receivable	(1,502)	1,052
Prepaid expenses	3,516	(11,576)
Accounts payable	(1,138)	3,148
Accrued expenses	(2,521)	5,376
Deferred rent	2,493	1,481
Deferred revenue	(24,790)	24,790
	<u>\$ 81,595</u>	<u>\$ 24,180</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets		\$ (4,247)
	<u>\$ -</u>	<u>\$ (4,247)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 81,595	\$ 19,933
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>266,005</u>	<u>246,072</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 347,600</u></u>	<u><u>\$ 266,005</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

LAWYERS CONCERNED FOR LAWYERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Lawyers Concerned for Lawyers (LCL) was organized August 1, 1976 and has been determined to be a charitable, nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. LCL serves as Minnesota's lawyers assistance program. LCL offers free, confidential help to lawyers, judges, law students and their immediate family members affected by alcohol and/or drug abuse, other addictions, depression and other mental illness, stress and other life-related problems and any condition which negatively affects the quality of one's life at work or at home. LCL provides professional and peer assistance including up to four free counseling sessions and referrals to other professional services as well as mentoring and other support. LCL also offers workshops and other programs to lawyers which qualify for continuing legal education credits. Funding has come from contributions by members and non-members in the legal profession and by grants from foundations and firms interested in this program.

LCL has an agreement with the Legal Services Advisory Committee, an instrumentality of the Minnesota Supreme Court, to establish and operate a "Lawyer Assistance Program" (LAP) to provide consultation and assessments and facilitate access to extended mental health and chemical dependency services to Minnesota lawyers and their families, and in connection therewith, to coordinate the activities of the volunteer network of LCL for peer support. This agreement is effective through June 30, 2023 (see additional discussion in Note 4).

Financial Statement Presentation

The financial statements of LCL have been prepared on the accrual basis of accounting. LCL is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of LCL. These net assets may be used at the discretion of LCL's management and board of directors.

Net assets with donor restrictions are subject to the donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions that may be met either by actions of LCL and/or the passage of time. Some donor restrictions are permanent in nature; those restrictions requiring that resources be held in perpetuity.

LAWYERS CONCERNED FOR LAWYERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

LCL considers unrestricted currency, demand deposits, and certificates of deposit with an initial maturity of three months or less to be cash and cash equivalents.

Grants Receivables

Grants receivable are stated at net realizable value. Grants receivable are individually analyzed for collectability. No allowance for doubtful accounts has been provided as grants receivable are considered collectible based on management's estimate and past history of LCL with the grantor agency. As of June 30, 2021 and 2020, LCL had \$59,103 and \$87,665 in grant receivables, respectively.

Contributions Receivable

Contributions receivable consist of promises to give and contributions made by donors to supporting organizations for LCL but had not been received by LCL prior to June 30, 2021 and 2020. No allowance for doubtful accounts has been provided as contributions receivable are all considered collectible. As of June 30, 2021 and 2020, contributions receivable of \$0 and \$25, respectively, were receivable in less than one year.

Fixed Assets

Fixed assets owned by LCL are stated at cost if purchased and at fair value if donated. LCL capitalizes all fixed assets with a cost of \$500 or more if purchased, and a fair value of \$500 or more at the date of donation if received by contribution. Additions and improvements are capitalized while maintenance and repairs are charged to expense as incurred.

Depreciation for leasehold improvements is calculated over the estimated useful life or over the remaining term of the lease, whichever is shorter. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Furniture and equipment	5 - 7 years
Leasehold improvements	5 - 7 years
Website development costs	3 years

Website Development Costs

Website development costs are stated at cost; purchases in excess of \$500 are capitalized. Planning stage costs, costs of training and site maintenance are expensed as incurred. The application, infrastructure, graphics and content stages are capitalized. As of June 30, 2020, website development costs of \$11,250 had been capitalized but were not being depreciated as the asset had not been placed into service. During the year ended June 30, 2021, the asset was placed in service and depreciation was recognized.

LAWYERS CONCERNED FOR LAWYERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Rent

LCL records rent expense on a straight-line basis for its office lease which contains annual rent increases. The difference between rent expense and payments made under the lease are reflected as deferred rent.

Measure of Operations

The statements of activities and changes in net assets report all changes in net assets, including changes from operating and non-operating activities. Operating activities consist of those items attributable to LCL's ongoing activities; non-operating activities are considered to be of a more unusual or nonrecurring nature. During the years ended June 30, 2021 and 2020, LCL did not have any non-operating activities.

Legal Services Advisory Committee Grants

Legal Services Advisory Committee grants are recorded as support when the terms of the grant are met. Expenditures under this contract are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, LCL will record such disallowance at the time of the final assessment.

Contributions and Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a stipulated time restriction ends or the purpose of a 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. LCL has chosen to report contributions that are received with donor-imposed restrictions that are met in the same reporting period as contributions with donor restrictions with an accompanying reclassification showing the satisfaction of the restriction.

Grants and contributions are reported as support in the year in which the payments are received and/or unconditional promises to give are made. Conditional promises to give are not recognized until they become unconditional, that is when all conditions have been substantially met. Grants and contributions that have been committed to LCL, but have not been received as of year-end, are reflected as grants receivable and contributions receivable in the accompanying statements of financial position.

Program fees and honoraria, consisting of speaking fees and class fees, are recorded as revenue when earned.

LAWYERS CONCERNED FOR LAWYERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Materials and Services

Donated materials are reflected as contributions in the financial statements at their estimated fair values at the date of receipt. Contributed services are reported as contributions if the services would typically need to be purchased by LCL and the service provided requires specialized skills. Contributed services are reflected in the financial statements at the fair value of the services performed at the date of the service. During the years ended June 30, 2021 and 2020, LCL did not receive contributed services meeting the definition for recognition in the financial statements.

LCL receives donated services from unpaid volunteers which do not meet the definition for recognition in the financial statements. Volunteers donate their time for peer support and related activities, outreach activities, member meetings, training and governance. Volunteers donated 1,395 and 1,829 hours of their time to LCL for the years ended June 30, 2021 and 2020 respectively.

Advertising

LCL uses advertising to promote public awareness and further its program purpose. Advertising costs are expensed when incurred. Expenses for advertising were \$1,250 and \$2,626 for the years ended June 30, 2021 and 2020, respectively, and are classified in public awareness in the accompanying statements of functional expense.

Functional Allocation of Expenses

The costs of providing programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and the supporting services benefited. The allocation of expenses has been determined by management on a reasonable basis that is consistently applied. Salaries and related expenses are allocated based on job descriptions and the best estimate of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

Income Taxes

LCL has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 and Section 290.05, subdivision 2, of Minnesota Statutes. LCL has been classified as an organization that is not a private foundation.

Management of LCL evaluates all tax positions and makes a determination regarding their likelihood of being upheld under review. Management believes that

LAWYERS CONCERNED FOR LAWYERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

LCL is operating in a manner so as to continue to qualify as a tax-exempt organization. LCL recognizes potential interest and penalties pertaining to income tax related issues, if any, as income tax expense. During the years ended June 30, 2021 and 2020, no such interest or penalties were recognized.

Estimates

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

Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting standard, ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The standard requires lessees to recognize a liability associated with obligations to make payments under the terms of the arrangement in addition to a right-of-use asset representing the lessee's right to use or control the use of the given asset assumed under the lease, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for fiscal years beginning after December 15, 2021. It is to be adopted using a modified retrospective approach or through a cumulative effect adjustment to the opening balance of net assets in the period of adoption.

Date of Management's Review

In preparing these financial statements, LCL has evaluated events and transactions for potential recognition or disclosure through January 20, 2022, the date the financial statements were available to be issued.

NOTE 2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Specific Purpose:		
Founders Memorial Fund	\$ 53,552	\$ 48,317
Advertising and contract services for program service expansion	<u>6,783</u>	<u>6,963</u>
Total Specific Purpose	<u>\$ 60,335</u>	<u>\$ 55,280</u>

LAWYERS CONCERNED FOR LAWYERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3. DISCLOSURE REGARDING LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

LCL's financial assets as of June 30, 2021 and 2020 available within one year of the statements of financial position for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 347,600	\$ 266,005
Grants receivable	59,103	87,665
Contributions receivable	-	25
Miscellaneous receivable	<u>1,600</u>	<u>98</u>
Total financial assets	408,303	353,793
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>60,335</u>	<u>55,280</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 347,968</u>	<u>\$ 298,513</u>

LCL is primarily funded by grants and contributions from donors without donor restrictions and with donor restrictions. Donor restrictions require that resources be used in a certain manner or in a future period; therefore, LCL must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of LCL's liquidity management, LCL strives to structure their financial assets to be available as their general expenditures, liabilities and other obligations become due. In addition, LCL invests cash in excess of short term requirements in a savings account.

NOTE 4. MAJOR CONTRIBUTOR

A major portion of LCL's support is received from the Legal Services Advisory Committee. The loss of this funding source would have an adverse effect on LCL. During the years ended June 30, 2021 and 2020, the Legal Services Advisory Committee contributed \$577,319 and \$563,239, respectively. These contributions accounted for approximately 80% and 87% of total support and revenue for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, LCL had \$59,103 and \$87,665 receivable from the Legal Services Advisory Committee, respectively. In June 2021, LCL signed the grant agreement for the grant period July 1, 2021 through June 30, 2023.

LAWYERS CONCERNED FOR LAWYERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5. LEASE OBLIGATIONS

LCL executed an operating lease for office equipment in the fiscal year ended June 30, 2014. The lease requires monthly rental payments of \$184, plus copy charges for overages. LCL's rent expense for office equipment for the years ended June 30, 2021 and 2020 was \$2,635 and \$2,583, respectively, and is included in office supplies and equipment in the accompanying financial statements. In October 2021, LCL signed a sixty month lease for office equipment with monthly rental payments of \$202.

LCL had a lease for their administrative offices under a month to month lease. In August 2019, LCL signed an amendment to the lease extending the lease expiration seven years and adjusting the monthly base rent. The lease was effective as of January 1, 2020, the first month after completion of tenant improvements. The lease requires monthly base rent ranging from \$2,608 to \$3,114, plus operating expenses. Under generally accepted accounting principles in the United States of America, all rental payments, including rent increases, are recognized on a straight-line basis over the term of the lease. The difference between the straight-line rent expense and the required lease payments is reflected as a deferred rent liability in the accompanying financial statements. LCL's total occupancy expense for the years ended June 30, 2021 and 2020 was \$65,234 and \$61,397, respectively.

Minimum future rental payments, including operating expenses, under noncancelable operating leases having initial terms in excess of one year as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 62,472
2023	63,454
2024	64,465
2025	65,507
2026	66,579
Later years	33,562
	<u>\$ 356,039</u>

NOTE 6. RETIREMENT PLAN

LCL established a retirement plan pursuant to section 401(k) of the Internal Revenue code effective January 1, 2006. Employees are eligible to make elective salary deferrals under the Plan and share in LCL's contributions to the Plan upon attaining age 21 and completing one year of eligibility service. LCL provides a mandatory matching contribution of 100% of the first 3% that an employee

LAWYERS CONCERNED FOR LAWYERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6. RETIREMENT PLAN (continued)

contributes to the Plan. LCL may, in its sole discretion, elect to make additional employer contributions for any plan year. Employees are fully vested in LCL's contributions to the Plan after three years of service; employees are immediately vested in their contributions to the Plan. Retirement expense was \$8,047 and \$6,942 for the years ended June 30, 2021 and 2020, respectively, and is classified in employee benefits in the accompanying statements of functional expense.

NOTE 7. JOINT COSTS

During the years ended June 30, 2021 and 2020, LCL incurred costs for conducting activities that are identifiable with more than one functional classification. For the year ended June 30, 2021, LCL incurred total joint costs of \$24,270 related to the statewide mailing for educational materials that included fund raising appeals and to the Stepping Up event. Of those costs, \$8,807 was allocated to fund raising expense and \$15,463 was allocated to program expense.

For the year ended June 30, 2020, LCL incurred total joint costs of \$13,875 related to the statewide mailing for educational materials that included fund raising appeals. Of those costs, \$4,541 was allocated to fund raising expense and \$9,334 was allocated to program expense.

NOTE 8. CONCENTRATION OF CREDIT RISK

LCL maintains its cash balances at one financial institution. At times during the years ended June 30, 2021 and 2020, LCL had significant concentrations of credit risk as a result of maintaining its bank accounts with aggregate balances in excess of the federal insurance coverage of \$250,000.

NOTE 9. EFFECTS OF COVID-19

The COVID-19 pandemic developed rapidly in Minnesota in 2020. Measures taken by various governmental entities to contain the virus affected economic activity. LCL took a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for staff (such as social distancing and working from home) as well as offering virtual group meetings and support options for those in the legal profession.

LAWYERS CONCERNED FOR LAWYERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9. EFFECTS OF COVID-19 (continued)

LCL continues to follow the government and Center for Disease Control recommendations and advice and continue operations in the best and safest way possible. The extent of the impact of COVID-19 on future financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on employees and the impact on the ability of donors to contribute to LCL, all of which are uncertain and cannot be predicted. The future financial impact cannot be reasonably estimated at this time.