

LAWYERS CONCERNED FOR LAWYERS

ST. PAUL, MINNESOTA

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 (REVIEWED) AND JUNE 30, 2021 (AUDITED)

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Lawyers Concerned for Lawyers (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Lawyers Concerned for Lawyer's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Lawyers Concerned for Lawyers and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying June 30, 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Report on the June 30, 2021 Financial Statements**

The June 30, 2021 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated January 20, 2022. We have not performed any auditing procedures since that date.

HG&K, LTD

HG&K, Ltd  
Certified Public Accountants  
Minnetonka, Minnesota

January 19, 2023

LAWYERS CONCERNED FOR LAWYERS  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021

A S S E T S

	2022 (Reviewed)	2021 (Audited)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 440,731	\$ 347,600
Grants receivable	63,204	59,103
Contributions receivable	500	-
Miscellaneous receivable	5,000	1,600
Prepaid expenses	6,601	11,872
	<u>\$ 516,036</u>	<u>\$ 420,175</u>
<b>FIXED ASSETS</b>		
Furniture and equipment	\$ 62,709	\$ 47,128
Leasehold improvements	2,147	2,147
Website development costs	11,250	11,250
Accumulated depreciation	(48,395)	(44,021)
	<u>\$ 27,711</u>	<u>\$ 16,504</u>
<b>NONCURRENT ASSETS</b>		
Security deposit	\$ 3,786	\$ 3,786
	<u>\$ 3,786</u>	<u>\$ 3,786</u>
<b>TOTAL ASSETS</b>	<u>\$ 547,533</u>	<u>\$ 440,465</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,288	\$ 9,541
Accrued expenses	4,417	6,922
Deferred rent	5,513	3,974
	<u>\$ 18,218</u>	<u>\$ 20,437</u>
<b>NET ASSETS</b>		
Without donor restrictions	\$ 466,332	\$ 359,693
With donor restrictions	62,983	60,335
	<u>\$ 529,315</u>	<u>\$ 420,028</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 547,533</u>	<u>\$ 440,465</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, 2022 AND 2021

	2022 (Reviewed)			2021 (Audited)		
	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	\$ 577,319	\$ -	\$ 577,319
Donations	69,981	2,920	72,901	104,544	3,975	108,519
Grants	16,080	4,920	21,000	18,180	5,820	24,000
Program fees and honoraria	2,900	-	2,900	6,708	-	6,708
Interest income	735	-	735	583	-	583
Miscellaneous income	403	-	403	420	-	420
Gain / (loss) on disposition of fixed assets	-	-	-	(237)	-	(237)
Net assets released from restriction	5,192	(5,192)	-	4,740	(4,740)	-
	<u>\$ 672,610</u>	<u>\$ 2,648</u>	<u>\$ 675,258</u>	<u>\$ 712,257</u>	<u>\$ 5,055</u>	<u>\$ 717,312</u>
SPECIAL EVENT						
Revenue	\$ 8,561	\$ -	\$ 8,561	\$ -	\$ -	\$ -
Contributions	52,877	-	52,877	-	-	-
Direct event expenses	(8,094)	-	(8,094)	-	-	-
	<u>\$ 53,344</u>	<u>\$ -</u>	<u>\$ 53,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total support and revenue	<u>\$ 725,954</u>	<u>\$ 2,648</u>	<u>\$ 728,602</u>	<u>\$ 712,257</u>	<u>\$ 5,055</u>	<u>\$ 717,312</u>
FUNCTIONAL EXPENSES						
Program services	\$ 497,443	\$ -	\$ 497,443	\$ 524,168	\$ -	\$ 524,168
Management and general	98,903	-	98,903	100,895	-	100,895
Fundraising	22,969	-	22,969	20,809	-	20,809
	<u>\$ 619,315</u>	<u>\$ -</u>	<u>\$ 619,315</u>	<u>\$ 645,872</u>	<u>\$ -</u>	<u>\$ 645,872</u>
CHANGES IN NET ASSETS	\$ 106,639	\$ 2,648	\$ 109,287	\$ 66,385	\$ 5,055	\$ 71,440
NET ASSETS, BEGINNING OF YEAR	359,693	60,335	420,028	293,308	55,280	348,588
NET ASSETS, END OF YEAR	<u>\$ 466,332</u>	<u>\$ 62,983</u>	<u>\$ 529,315</u>	<u>\$ 359,693</u>	<u>\$ 60,335</u>	<u>\$ 420,028</u>

See accompanying notes to financial statements.

LAWYERS CONCERNED FOR LAWYERS  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022 (Reviewed)				2021 (Audited)			
	Program Services	Management and General	Fundraising	Total All Services	Program Services	Management and General	Fundraising	Total All Services
Salaries	\$ 269,632	\$ 54,293	\$ 7,124	\$ 331,049	\$ 291,531	\$ 58,958	\$ 7,921	\$ 358,410
Payroll taxes	21,113	4,251	558	25,922	22,367	4,524	608	27,499
Employee benefits	33,919	8,625	974	43,518	36,618	9,263	1,053	46,934
Rent	53,724	10,818	1,419	65,961	53,061	10,731	1,442	65,234
Telephone	7,475	1,505	198	9,178	7,816	1,581	212	9,609
Office supplies and equipment	7,191	2,830	415	10,436	19,692	1,993	415	22,100
Insurance	5,724	2,485	148	8,357	5,428	2,381	147	7,956
Accounting	-	12,255	-	12,255	-	8,596	-	8,596
Professional services	1,700	-	-	1,700	1,600	1,515	-	3,115
Staff development	3,888	329	-	4,217	4,365	431	59	4,855
Public awareness	15,600	419	4,978	20,997	11,349	55	4,676	16,080
Travel	1,050	-	-	1,050	75	-	-	75
Mental and chemical health services	59,742	-	-	59,742	59,739	-	-	59,739
Event expenses	10,518	-	7,012	17,530	6,238	-	4,159	10,397
Expenses before depreciation	\$ 491,276	\$ 97,810	\$ 22,826	\$ 611,912	\$ 519,879	\$ 100,028	\$ 20,692	\$ 640,599
Depreciation	6,167	1,093	143	7,403	4,289	867	117	5,273
Total expenses	<u>\$ 497,443</u>	<u>\$ 98,903</u>	<u>\$ 22,969</u>	<u>\$ 619,315</u>	<u>\$ 524,168</u>	<u>\$ 100,895</u>	<u>\$ 20,809</u>	<u>\$ 645,872</u>

See accompanying notes to financial statements.

LAWYERS CONCERNED FOR LAWYERS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022 (Reviewed)	2021 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 109,287	\$ 71,440
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	7,403	5,273
(Gain) / loss on disposition of fixed assets	-	237
Increase (decrease) in cash from changes in:		
Grants receivable	(4,101)	28,562
Contributions receivable	(500)	25
Miscellaneous receivable	(3,400)	(1,502)
Prepaid expenses	5,271	3,516
Accounts payable	(1,253)	(1,138)
Accrued expenses	(2,505)	(2,521)
Deferred rent	1,539	2,493
Deferred revenue	-	(24,790)
	<u>\$ 111,741</u>	<u>\$ 81,595</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>\$ (18,610)</u>	<u>\$ -</u>
	<u>\$ (18,610)</u>	<u>\$ -</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 93,131	\$ 81,595
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>347,600</u>	<u>266,005</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 440,731</u></u>	<u><u>\$ 347,600</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	<u><u>\$ -</u></u>	<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, 2022 AND 2021

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).

Adoption of Accounting Standard

During the year ended June 30, 2022, LCL adopted Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard was issued to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosures, specifically the measurement of contributed nonfinancial assets recognized by a not-for-profit entity as well as disclosures of the amounts of these contributions used in the not-for-profit entity's programs and other activities. LCL did not receive any contributed nonfinancial assets during the years ended June 30, 2021 and 2022.

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.

LAWYERS CONCERNED FOR LAWYERS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation (continued)

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.

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, 2022 and 2021, LCL had \$63,204 and \$59,103 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, 2022 and 2021. No allowance for doubtful accounts has been provided as contributions receivable are all considered collectible. As of June 30, 2022 and 2021, contributions receivable of \$500 and \$0, respectively, were receivable in less than one year.

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.

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.



LAWYERS CONCERNED FOR LAWYERS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets (continued)

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

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, 2022 and 2021, 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.

LAWYERS CONCERNED FOR LAWYERS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Revenue Recognition (continued)

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.

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, 2022 and 2021, 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 1,349 and 1,395 hours of their time to LCL for the years ended June 30, 2022 and 2021 respectively.

Advertising

LCL uses advertising to promote public awareness and further its program purpose, as well as post job opportunities within LCL. Advertising costs are expensed when incurred. Expenses for advertising were \$2,762 and \$1,250 for the years ended June 30, 2022 and 2021, 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



LAWYERS CONCERNED FOR LAWYERS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses (continued)

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 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, 2022 and 2021, 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.



LAWYERS CONCERNED FOR LAWYERS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management's Review

In preparing these financial statements, LCL has evaluated events and transactions for potential recognition or disclosure through January 19, 2023, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Specific Purpose:		
Founders Memorial Fund	\$ 57,730	\$ 53,552
Advertising and contract services for program service expansion	<u>5,253</u>	<u>6,783</u>
Total Specific Purpose	<u>\$ 62,983</u>	<u>\$ 60,335</u>

NOTE 3. DISCLOSURE REGARDING LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

LCL's financial assets as of June 30, 2022 and 2021 available within one year of the statements of financial position for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 440,731	\$ 347,600
Grants receivable	63,204	59,103
Contributions receivable	500	-
Miscellaneous receivable	<u>5,000</u>	<u>1,600</u>
Total financial assets	509,435	408,303
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>62,983</u>	<u>60,335</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 446,452</u>	<u>\$ 347,968</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

LAWYERS CONCERNED FOR LAWYERS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 3. DISCLOSURE REGARDING LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS  
(continued)

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 each of the years ended June 30, 2022 and 2021, the Legal Services Advisory Committee contributed \$577,319. These contributions accounted for approximately 79% and 80% of total support and revenue for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, LCL had \$63,204 and \$59,103 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.

NOTE 5. LEASE OBLIGATIONS

LCL had been operating under a month-to-month operating lease for office equipment. The lease required monthly rental payments of \$184, plus copy charges for overages. During the year ended June 30, 2022, LCL terminated the month-to-month lease and signed a sixty month lease for office equipment with \$204 monthly rental payments. LCL's rent expense for office equipment for the years ended June 30, 2022 and 2021 was \$2,752 and \$2,635, respectively, and is included in office supplies and equipment in the accompanying financial statements.

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, 2022 and 2021 was \$65,961 and \$65,234, respectively.



LAWYERS CONCERNED FOR LAWYERS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 5. LEASE OBLIGATIONS (continued)

Minimum future rental payments, including operating expenses, under noncancelable operating leases having initial terms in excess of one year as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 66,121
2024	67,132
2025	68,174
2026	69,246
2027	34,282
	<u>\$ 304,955</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 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 \$9,839 and \$8,047 for the years ended June 30, 2022 and 2021, respectively, and is classified in employee benefits in the accompanying statements of functional expense.

NOTE 7. JOINT COSTS

During the years ended June 30, 2022 and 2021, LCL incurred costs for conducting activities that are identifiable with more than one functional classification. For the year ended June 30, 2022, LCL incurred total joint costs of \$32,135 related to the statewide mailing for educational materials that included fund raising appeals and to the Stepping Up breakfast event. Of those costs, \$11,950 was allocated to fund raising expense and \$20,185 was allocated to program expense.

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.

LAWYERS CONCERNED FOR LAWYERS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE 8. CONCENTRATION OF CREDIT RISK

LCL maintains its cash balances at one financial institution. At times during the years ended June 30, 2022 and 2021, 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.