**MEMORANDUM**

From: Kate MacKinnon, treasurer

To: LCL Board

Date: 7/16/24

Re: Treasurer’s Financial Report for Year-Ending 6/30/2024

**Introduction:**

For those new Board members, I am the LCL board treasurer and I welcome you. To the entire board, unfortunately, I am in a hearing this morning and unable to attend. I apologize as this is always an important meeting because this is when we can look at our last set of monthly financial reports, subject to any adjustment from the audit, and look back over the year to see how things have developed financially.

**Basic Facts to Understand about LCL Financials:**

Our main source of funding is a grant from the LSAC of the Supreme Court. This is a two year grant and we are in the second year of that grant. In May we had exhausted the two-year grant and used LCL funds to cover expenses for June. In July we will have new funding for LSAC.

Our other sources of major sources of funding are donations, gifts and the special event proceeds although that is not just about fund-raising as it also serves as part of our education and outreach objectives.

**How LCL Fared:**

We had budgeted a $37,000 net loss for the fiscal year and ended the year with a smaller loss of $23,320. Highlights include the following:

1. **Income:** Total = $729,460 ($4,475 better than budget)

-- Contributions: We came in above budget on five out of the seven contribution categories. Our two categories that were below budget were Founders Memorial Fund and Bar Association donations. The net of contribution income was only $1,600 under budget.

-- Investment Income: The stock market was good and our investment income was $2,000 above budget.

-- Other Income: We had other income of $4,000 above budget.

-- Income from Breakfast: This is separately categorized (on the bottom of the Financial Report) and shows that we had increased receipts over budget of about $10,000 but we also had higher costs (a more expensive venue) so we were net $5,000 below budget on the event.

1. **Expense:** Total = $752,780 ($9,288 better than budget).

--Salaries and Benefits: Staff salaries and benefits were slightly under budget because we had fewer than our total complement of staff for a portion of the year (the Outreach Position was for less than a year and part-time). But this position has been filled by a FT employee.

Current: Additionally, the Board just passed an increase to salaries in April and so we may see salary expenses higher next year.

Recommended: Additionally, as part of the 2-year budget (2023-2025) approved by the board and submitted to LSAC in 2023, staff salaries are increased by 6% in FY 2024-25 which is consistent with judicial branch increases.

--Continuing Education and Rent and Utilities: Both came in under budget.

--Office Expenses: We were over budget by about $4,200. This is due to a few categories such as liability insurance premiums (they have gone up a lot due to insurance rate increases), some technology expenses, and changes in the IRS rules for accounting for depreciation.

--Accounting: Last year we were involuntarily switched from the old accounting firm we had used for several years to Abdo when the old firm was merged into Abdo. We had budgeted for this item based on our experience with our former firm and it was $8,250. But our actual expense under Abdo was $16,957. We are seeking a new accounting firm and are finalizing that process. Based on the quotations we have been getting as part of that effort, we will have to increase our budget for this item by about double what has been budgeted in the past to be more in line with the going price.

--Outside Professional Services: We went over budget in this category by $10,500 which is largely due to the first installment of $10,000 that we had to pay the Orion Group for the contract to assist us with planning for and executing on Executive Director transition. (The total amount of this contract is $30,000 so we will owe an additional $20,000 for this in upcoming budgets). This is a special expense that we do not have a category for so it was put into Outside Professional Services.

**3. Balance Sheet:**

-- Assets are $730,841 and include $590,855 in various cash accounts. Liabilities are $123,743 and Equity is $607,098.

1. **Conclusion:**

LCL has some increased expenses that will be occurring in the upcoming year for such things as Orion, other costs of the E.D. search, a period of double salary while Joan and the new E.D. overlap, absorbing the recent salary increases for all staff, and increased expenses of technology and insurance premiums.

This is not concerning because we have a very healthy reserve and this can well accommodate the budget increases we see. We plan to consult with the new accounting firm once the contract to work with them is finalized about developing a plan for spending some of that reserve for the extra expenses we see coming in the next year.