

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.

Financial Statements

December 31, 2013 and 2012

and

Independent Auditor's Report

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FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Hampshire Legal Assistance, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of New Hampshire Legal Assistance, Inc., which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities 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 New Hampshire Legal Assistance, Inc., as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses and the combining statements of financial position and combining statements of activities are presented for purposes of additional analysis and are 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. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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.

Vadra Clancy & Company PC

Manchester, New Hampshire
April 9, 2014

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
 Statements of Financial Position
 December 31, 2013 and 2012

ASSETS		
	<u>2013</u>	<u>2012</u>
CURRENT ASSETS:		
Cash	\$ 963,383	\$ 855,736
Investments	500,488	600,416
Grants and contracts receivable	877,785	761,889
Contributions receivable	53,238	103,538
Prepaid expenses	49,049	20,689
Security deposits	12,300	12,300
TOTAL CURRENT ASSETS	<u>2,456,243</u>	<u>2,354,568</u>
NONCURRENT ASSETS:		
Contributions receivable	20,000	25,000
Land, building and equipment (net)	268,302	298,734
Law library	29,424	29,424
TOTAL NONCURRENT ASSETS	<u>317,726</u>	<u>353,158</u>
TOTAL ASSETS	<u>\$ 2,773,969</u>	<u>\$ 2,707,726</u>
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 29,474	\$ 66,255
Accrued expenses	112,638	205,331
Deferred revenue	38,938	64,979
Deposits	49,505	66,121
Note payable	12,000	11,000
TOTAL CURRENT LIABILITIES	<u>242,555</u>	<u>413,686</u>
NONCURRENT LIABILITIES		
Note payable	65,000	78,000
TOTAL NONCURRENT LIABILITIES	<u>65,000</u>	<u>78,000</u>
TOTAL LIABILITIES	<u>307,555</u>	<u>491,686</u>
NET ASSETS		
Unrestricted	964,790	1,053,656
Temporarily restricted	1,501,624	1,162,384
TOTAL NET ASSETS	<u>2,466,414</u>	<u>2,216,040</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,773,969</u>	<u>\$ 2,707,726</u>

See notes to financial statements

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Statements of Activities
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE:		
New Hampshire Bar Foundation - IOLTA	\$ 268,331	\$ 253,750
Government Grants and Contracts	1,039,969	863,892
United Ways	132,959	97,751
Contributions - Foundations	317,346	274,942
Contributions - Campaign for Legal Services	174,146	205,267
Case Revenue	163,625	202,315
Unrealized gain on investments		21,272
Investment income	2,870	2,183
Net assets released from restrictions	<u>1,162,384</u>	<u>1,038,778</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>3,261,630</u>	<u>2,960,150</u>
EXPENSES		
Program services:		
Domestic violence project	429,806	479,287
Housing justice project	537,305	519,420
Senior citizens' law project	259,655	234,348
Youth law project	142,547	138,573
Other civil legal services	<u>1,251,620</u>	<u>1,208,385</u>
Total program services	<u>2,620,933</u>	<u>2,580,013</u>
Supporting services:		
Fund raising	198,420	177,003
Management and general	<u>531,143</u>	<u>545,008</u>
Total supporting services	<u>729,563</u>	<u>722,011</u>
TOTAL EXPENSES	<u>3,350,496</u>	<u>3,302,024</u>
(DECREASE) IN UNRESTRICTED NET ASSETS	<u>(88,866)</u>	<u>(341,874)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
New Hampshire Bar Foundation - IOLTA	191,669	181,250
Government Grants and Contracts	1,185,127	468,231
United Ways	32,438	33,367
Contributions	92,390	129,536
Temporarily restricted net assets released from restrictions	<u>(1,162,384)</u>	<u>(1,038,778)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED		
NET ASSETS	<u>339,240</u>	<u>(226,394)</u>
CHANGE IN NET ASSETS	250,374	(568,268)
NET ASSETS - January 1	<u>2,216,040</u>	<u>2,784,308</u>
NET ASSETS - December 31	<u>\$ 2,466,414</u>	<u>\$ 2,216,040</u>

See notes to financial statements

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 250,374	\$ (568,268)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,056	52,030
(Increase) in market value of investments		(21,272)
Legal settlement promissory note		91,000
Net effect of changes in:		
Receivables	(60,596)	729,343
Prepaid expenses	(28,360)	1,974
Accounts payable	(36,781)	848
Accrued expenses	(92,693)	13,220
Deferred revenue	(26,041)	(23,484)
Deposits	(16,616)	7,359
Security deposits		850
Net cash provided by operating activities	<u>28,343</u>	<u>283,600</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(8,624)	(1,593)
Redemption of investments	99,928	
Net cash provided (used) by investing activities	<u>91,304</u>	<u>(1,593)</u>
FINANCING ACTIVITIES		
Payments on note payable	(12,000)	(2,000)
Net cash (used) by financing activities	<u>(12,000)</u>	<u>(2,000)</u>
NET INCREASE IN CASH	107,647	280,007
CASH - January 1	<u>855,736</u>	<u>575,729</u>
CASH - December 31	<u>\$ 963,383</u>	<u>\$ 855,736</u>

See notes to financial statements

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2013 and 2012

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

New Hampshire Legal Assistance, Inc. (NHLA) is a non-profit entity organized for the purpose of providing legal assistance to persons financially unable to afford legal assistance in the State of New Hampshire.

The accounting policies of New Hampshire Legal Assistance, Inc. conform to accounting principles generally accepted in the United States of America as applicable to nonprofit entities except as indicated hereafter. The following is a summary of significant accounting policies.

Basis of Presentation

The financial statements have been prepared in accordance with the reporting pronouncements pertaining to Not-for-Profit Entities included within the FASB Accounting Standards Codification. The Entity is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Recognition of Donor Restrictions

Contributions are recognized when the donor makes a promise to give to the Entity that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and other cash accounts with a maturity of 90 days or less.

Investments

Investments, which consist principally of money market accounts, are carried at market value at December 31, 2013 and 2012. Unrealized gains and losses on investments are reflected in the statement of activities.

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2013 and 2012

Contributions Receivable

Unconditional pledges are recorded as made. These amounts are recorded at the present value of the estimated fair value. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional. Contributions receivables are collectible as follows:

	<u>Total</u>	<u>0-1 Years</u>	<u>1-5 Years</u>
Contributions receivable	\$ 73,238	\$ 53,238	\$ 20,000

Land, Building and Equipment

Property and equipment is recorded at cost for purchased items and at estimated fair value for donated items and is summarized as follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 10,000	\$ 10,000
Building	415,421	406,797
Equipment	<u>275,686</u>	<u>275,686</u>
	701,107	692,483
Less Accumulated Depreciation	<u>(432,805)</u>	<u>(393,749)</u>
	<u>\$ 268,302</u>	<u>\$ 298,734</u>

Depreciation is computed using the straight-line method over estimated three to ten year lives for equipment and ten to forty year lives for the building and improvements.

Expenditures for repairs and maintenance are expensed when incurred and betterments with a useful life in excess of two years are capitalized.

Depreciation expense was \$39,056 and \$52,030 for December 31, 2013 and 2012, respectively.

Law Library

NHLA capitalized the original cost of materials in its library and estimates the salvage value to approximate original cost; consequently, depreciation expense is not recorded. Updates to the law library are expensed as incurred.

Bad Debts

The Entity uses the reserve method for accounting for bad debts. No provision has been recorded for bad debts as of December 31, 2013 and 2012 because the Entity believes that outstanding receivables at year ends are fully collectible.

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

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2013 and 2012

reported amounts and disclosures during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, costs have been allocated among the programs and supporting services benefited.

Fund Raising Activities

Fund raising expenses represent the allocated cost of the Campaign for Legal Services. (See Note 13). The distributions of Campaign donations to NHLA's two Campaign partner agencies are shown as fundraising expenses because NHLA pays out this money but they are not typical, out-of-pocket expenses. In 2013 these distributions totaled \$80,845.

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other liabilities are carried in the financial statements at amounts which approximate fair value due to the inherently short-term nature of the transactions. The fair values determined for financial instruments are estimates, which for certain accounts may differ significantly from the amounts that could be realized upon immediate liquidation.

Reclassification

Certain reclassifications have been made to the December 31, 2013 financial statement presentation to correspond to the current year format. These reclassifications had no effect on the change in net assets for the year ending December 31, 2012, as previously reported.

NOTE 2--INVESTMENTS

Fair Value Measurements

The Entity reports under the Fair Value Measurements, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Entity has the ability to access.

Level 2 – Inputs to the valuation include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2013 and 2012

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs at the closing price reported on the active market on which the individual securities are traded.

Following is a description of the valuation methodologies used for assets measured at fair value.

Cash or cash equivalent money market funds: Valued at acquisition cost.

Certificates of deposit: Valued using a market value pricing model.

Common stocks, unit investment equities, and fixed income securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Entity believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Entity's assets at fair value:

<u>Assets at Fair Value as of December 31, 2013</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash Management Funds	\$ 497,665			\$ 497,665
Corporate Trusts	2,823			2,823
Total assets at fair value	<u>\$ 500,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,488</u>
<u>Assets at Fair Value as of December 31, 2012</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash Management Funds	\$ 596,639			\$ 596,639
Corporate Trusts	3,777			3,777
Total assets at fair value	<u>\$ 600,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600,416</u>

Investment Valuation and Income Recognition

The Entity's investments as of December 31, 2013 and 2012 are stated at fair value. Shares of the separate investment accounts are valued at quoted market prices, which represent the net value of shares held by the Entity at year-end.

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2013 and 2012

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investments consist of equity securities, and money market investments which are carried at market value (adjusted annually). Realized and unrealized gains and losses are reflected in the statement of activities. Assets held in the investment account were as follows at December 31, 2013 and 2012:

	Market Value <u>2013</u>	Market Value <u>2012</u>
Cash management funds/certificates of deposit	\$ 497,665	\$ 596,639
Unit investment equities	2,823	3,777
	<u>\$ 500,488</u>	<u>\$ 600,416</u>

NOTE 3--GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable, by funding category, consist of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Government Grants and Contracts	\$ 606,481	\$ 509,397
New Hampshire Bar Foundation - IOLTA	230,000	219,000
United Way	41,304	33,492
	<u>\$ 877,785</u>	<u>\$ 761,889</u>

NOTE 4--NOTE PAYABLE

Notes payable at December 31, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Promissory note payable, due July 2020 with monthly payments of \$1,000.	<u>\$ 77,000</u>	<u>\$ 89,000</u>

This note payable is a result of a legal settlement agreement. The Entity will make monthly payments of \$1,000, with no interest, through July 2020. Also as part of the settlement agreement, the other company will be making \$5,000 payments beginning April 30, 2013 over 6 years totaling \$30,000 to the Campaign for Legal Services.

Scheduled maturities of notes payable for the next five years are:

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2013 and 2012

Year Ended December 31,	<u>Amount</u>
2014	\$ 12,000
2015	12,000
2016	12,000
2017	12,000
2018	12,000

Line of Credit

NHLA has a revolving line of credit with its primary bank for \$500,000. At December 31, 2013 and 2012 the balance was \$0.

NOTE 5--VACATION LEAVE

Accumulated earned vacation leave at December 31, 2013 and 2012 was \$91,122 and \$99,153, respectively. Earned vacation time is contingent upon employees taking vacation and is not generally paid out in cash, except for the termination of employees.

NOTE 6--PENSION PLAN

NHLA operates a 401(k) retirement plan and under this plan's "safe harbor" rules, NHLA contributes 3% of all employees' salaries to the plan. NHLA has discretion under the plan to make a higher level of contribution, and in 2013 and 2012, NHLA's discretionary contribution was 2% of all employees' salaries. Contributions totaled \$101,658 and \$95,826, in 2013 and 2012, respectively. Employees can also make additional voluntary tax-deferred contributions up to the limits provided by the law.

NOTE 7--TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent contributions for civil legal services as of December 31, 2013 and 2012 whose use has been limited by the donors as to purpose and future time periods and are as follows:

	<u>2013</u>	<u>2012</u>
New Hampshire Bar Foundation - IOLTA	\$ 191,669	\$ 181,250
State of New Hampshire	550,000	350,000
State of New Hampshire - Foreclosure Settlement	635,127	468,231
United Way	32,438	33,367
Contributions	92,390	129,536
	<u>\$ 1,501,624</u>	<u>\$ 1,162,384</u>

NOTE 8--LEASE COMMITMENTS

NHLA leases its current Manchester, New Hampshire office building under an agreement that commenced October 1, 2009 and ends September 30, 2014. NHLA leases its Concord, New Hampshire office under an agreement that commenced February 20, 2008 and ended February 19, 2013. This lease has been extended on a month to month basis. In all of these leases there is a provision that would allow

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2013 and 2012

NHLA to terminate the lease before the end of the term in the event of a funding reduction. Rental expense for the leases was \$172,638 and \$170,466 for the years ended December 31, 2013 and 2012, respectively.

The following is a schedule, by years, of future minimum payments for operating leases:

Year Ended <u>December 31,</u>	Annual Lease <u>Commitments</u>
2014	\$ 30,528

NOTE 9--INCOME TAXES

NHLA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from New Hampshire income taxes and, therefore, has made no provision for Federal or State income taxes. In addition, NHLA has been determined by the Internal Revenue Service not to be a "Private Foundation" within the meaning of Section 509(a) of the Code.

The FASB adopted Accounting Standards Codification Topic 740 entitled *Accounting for Income Taxes* which requires the Entity to report uncertain tax positions for financial reporting purposes. It prescribes rules regarding how the Entity should recognize, measure and disclose in its financial statements, tax positions that were taken or will be taken on the Entity's tax returns that are reflected in measuring current or deferred income tax assets and liabilities. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in an increase in a liability for income tax payable or a reduction in a deferred tax asset or an increase in a deferred tax liability. On January 1, 2009, the Entity adopted this pronouncement. At the adoption date, the Entity did not have any unrecognized tax benefits and determined that the impact of this interpretation was not material to the Entity's financial statements. During the years ended December 31, 2013 and 2012, no new additional unrecognized tax benefits were identified.

The Entity's tax returns are subject to examination by taxing authorities for a period of three years from the date they were filed. As of December 31, 2013, the tax years 2012, 2011 and 2010 remain subject to possible examination by major tax jurisdictions.

NOTE 10--CASE REVENUE

NHLA receives a regular stream of case revenue from fees in Social Security and SSI disability cases. These fee awards must be approved by the Social Security Administration Administrative Law Judge. From time to time NHLA also receives larger attorney fee awards in class action cases. These class action fee awards are episodic and it is not possible to predict in advance their amounts or the dates they will be received. Rather than spending these entire awards in the year they are received, NHLA allocates them over a period of years to avoid wide fluctuations in staff size.

NOTE 11--ECONOMIC DEPENDENCY

For the years ended December 31, 2013 and 2012, approximately 28% and 24% of total support and revenue was derived from an appropriation from the State of New Hampshire. The discontinuation of the State appropriation would result in a decrease in services provided by NHLA, until alternative revenues could be obtained.

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2013 and 2012

NOTE 12--SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

NHLA maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to a total of \$250,000. The Entity has entered into a collateralization agreement with the bank to sweep funds into a repurchase agreement. These funds are collateralized by securities held by the bank. At December 31, 2013 and 2012 the amount of funds collateralized by the bank was \$725,762 and \$67,701, respectively. At December 31, 2013 and 2012, NHLA's uninsured cash balance was \$46,957 and \$475,301, respectively.

NOTE 13--CAMPAIGN FOR LEGAL SERVICES

In June 2005, NHLA assumed administration of the Campaign for Legal Services (the Campaign) from the New Hampshire Bar Foundation. The Campaign is a joint fundraising effort on behalf of NHLA, the Legal Advice and Referral Center (LARC) and the Pro Bono Referral Program of the New Hampshire Bar Association (Pro Bono), all not-for-profit entities providing civil legal services to low-income people. Revenue and expenses of these activities have been reported as contributions received and made and as fund raising expenses in these financial statements. In 2013, the Campaign had total revenue of \$266,569 and total expenses of \$82,221. The distributions to the Campaign partners in 2013 totaled \$221,495 and consisted of revenue raised in 2013, plus a portion of 2012 revenue that became available for distribution in early 2013. NHLA received \$140,650, LARC received \$47,621 and Pro Bono received \$33,224 in distributions in 2013.

NOTE 14--CONTINGENCIES

NHLA receives funds under contracts from State and Federal sources, which require that NHLA use the funds within certain periods and for purposes specified by governing laws and regulations. If expenses should be found not to have been made in compliance with the laws and regulations, NHLA might be required to repay the funds.

No provisions have been made for these contingencies because specific amounts, if any, have not been determined or assessed by government audits as of December 31, 2013 and 2012.

NOTE 15--SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 9, 2014, which is the date the financial statements were available to be issued.

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Schedules of Functional Expenses
For the Years Ended December 31, 2013 and 2012

	Program Services				Supporting Services		Combined Total
	Domestic Violence Protect	Housing Justice Protect	Senior Citizens' Law Protect	Youth Law Protect	Other Civil Legal Services	Management and General	
Salaries	\$ 226,428	\$ 332,540	\$ 173,450	\$ 82,100	\$ 815,747	\$ 319,484	\$ 2,018,066
Payroll taxes	20,128	32,328	14,964	7,192	62,885	25,872	169,661
Employee benefits	47,449	75,749	36,172	16,819	152,405	68,455	409,645
Space and occupancy	23,556	34,158	14,240	9,062	73,737	49,946	211,361
Office supplies and expenses	2,280	3,629	1,883	869	5,515	4,501	24,485
Postage	1,195	1,947	723	459	4,214	432	11,253
Equipment rental and maintenance	2,213	3,200	1,365	851	7,325	4,255	19,832
Communications	3,323	1,994	4,842	1,298	11,858	625	29,551
Library	3,020	4,397	1,996	2,901	16,386	935	28,880
Training and meetings	1,071	1,737	701	1,704	15,292	175	26,165
Insurance	2,471	3,590	1,498	966	7,972	564	24,297
Dues and fees	1,966	2,825	1,600	787	6,012	7,236	15,402
Litigation expenses	13,343	4,636	1,542	610	3,412	2,212	23,543
Temporaries/contract services	4,691	6,907	2,972	1,890	17,758	12,313	69,673
Sub-Grants	63,494	16,621		8,925			89,040
Travel	11,819	6,270	3,670	5,596	12,445	309	41,814
Distributions to Campaign Partners						80,845	80,845
Other expenses	1,359	1,929	885	518	4,338	6,854	17,927
Depreciation						7,733	39,056
Total functional expenses	\$ 429,806	\$ 537,305	\$ 259,655	\$ 142,547	\$ 1,251,620	\$ 531,143	\$ 3,350,496

	Program Services				Supporting Services		Combined Total
	Domestic Violence Protect	Housing Justice Protect	Senior Citizens' Law Protect	Youth Law Protect	Other Civil Legal Services	Management and General	
Salaries	\$ 256,663	\$ 327,759	\$ 153,621	\$ 78,939	\$ 703,133	\$ 335,492	\$ 1,917,838
Payroll taxes	21,799	27,785	13,184	6,812	52,240	5,054	154,090
Employee benefits	54,875	69,043	33,160	16,383	132,307	63,705	581,245
Space and occupancy	27,404	31,442	13,040	9,007	68,398	46,700	205,008
Office supplies and expenses	2,867	4,130	2,543	921	5,357	1,400	25,482
Postage	1,774	2,031	845	583	4,519	1,693	12,226
Equipment rental and maintenance	3,533	4,088	1,671	1,164	9,106	816	24,800
Communications	2,262	2,850	979	771	6,567	4,422	15,849
Library	5,835	6,874	2,661	3,563	19,681	145	38,759
Training and meetings	3,676	6,016	2,615	1,855	16,182	7,748	38,092
Insurance	3,107	3,571	1,469	1,023	7,916	6,909	25,269
Dues and fees	3,234	3,681	1,565	1,197	8,056	2,619	20,352
Litigation expenses	4,392	4,439	660	2,165	12,514	2,619	24,170
Temporaries/contract services	5,561	6,235	2,537	1,676	14,665	4,627	60,387
Sub-Grants	69,273	11,302		7,550	1,000		89,125
Travel	11,357	5,826	3,016	4,406	8,668	73	34,388
Distributions to Campaign Partners						25,086	50,924
Other expenses	1,675	2,348	782	558	96,452	1,042	131,990
Depreciation						10,406	52,030
Total functional expenses	\$ 479,287	\$ 519,420	\$ 234,348	\$ 138,573	\$ 1,208,385	\$ 545,008	\$ 3,302,024

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Combining Statements of Financial Position
December 31, 2013

ASSETS	New Hampshire Legal Assistance	Campaign for Legal Services	Eliminations	Total
CURRENT ASSETS:				
Cash	\$ 943,855	\$ 19,528		\$ 963,383
Investments	500,488			500,488
Grants and contracts receivable	878,159		\$ (374)	877,785
Contributions receivable		53,238		53,238
Prepaid expenses	49,049			49,049
Security deposits	12,300			12,300
TOTAL CURRENT ASSETS	<u>2,383,851</u>	<u>72,766</u>	<u>(374)</u>	<u>2,456,243</u>
NONCURRENT ASSETS:				
Contributions receivable		20,000		20,000
Land, building and equipment (net)	268,302			268,302
Law library	29,424			29,424
TOTAL NONCURRENT ASSETS	<u>297,726</u>	<u>20,000</u>	<u>-</u>	<u>317,726</u>
TOTAL ASSETS	<u>\$ 2,681,577</u>	<u>\$ 92,766</u>	<u>\$ (374)</u>	<u>\$ 2,773,969</u>
 LIABILITIES & NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 29,474	\$ 374	\$ (374)	\$ 29,474
Accrued expenses	112,638			112,638
Deferred revenue	38,938			38,938
Deposits	49,503	2		49,505
Note payable	12,000			12,000
TOTAL CURRENT LIABILITIES	<u>242,553</u>	<u>376</u>	<u>(374)</u>	<u>242,555</u>
NONCURRENT LIABILITIES				
Note payable	65,000			65,000
TOTAL NONCURRENT LIABILITIES	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
TOTAL LIABILITIES	<u>307,553</u>	<u>376</u>	<u>(374)</u>	<u>307,555</u>
NET ASSETS				
Unrestricted	964,790			964,790
Temporarily restricted	1,409,234	92,390		1,501,624
TOTAL NET ASSETS	<u>2,374,024</u>	<u>92,390</u>	<u>-</u>	<u>2,466,414</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,681,577</u>	<u>\$ 92,766</u>	<u>\$ (374)</u>	<u>\$ 2,773,969</u>

See notes to financial statements

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Combining Statements of Financial Position
December 31, 2012

ASSETS	New Hampshire Legal Assistance	Campaign for Legal Services	Eliminations	Total
CURRENT ASSETS:				
Cash	\$ 767,961	\$ 87,775		\$ 855,736
Investments	600,416			600,416
Grants and contracts receivable	761,889			761,889
Contributions receivable	62,365	103,538	\$ (62,365)	103,538
Prepaid expenses	20,689			20,689
Security deposits	12,300			12,300
TOTAL CURRENT ASSETS	<u>2,225,620</u>	<u>191,313</u>	<u>(62,365)</u>	<u>2,354,568</u>
NONCURRENT ASSETS:				
Contributions receivable		25,000		25,000
Land, building and equipment (net)	298,734			298,734
Law library	29,424			29,424
TOTAL NONCURRENT ASSETS	<u>328,158</u>	<u>25,000</u>	<u>-</u>	<u>353,158</u>
TOTAL ASSETS	<u>\$ 2,553,778</u>	<u>\$ 216,313</u>	<u>\$ (62,365)</u>	<u>\$ 2,707,726</u>
 LIABILITIES & NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 41,845	\$ 86,775	\$ (62,365)	\$ 66,255
Accrued expenses	205,331			205,331
Deferred revenue	64,979			64,979
Deposits	66,119	2		66,121
Note payable	11,000			11,000
TOTAL CURRENT LIABILITIES	<u>389,274</u>	<u>86,777</u>	<u>(62,365)</u>	<u>413,686</u>
NONCURRENT LIABILITIES				
Note payable	78,000			78,000
TOTAL NONCURRENT LIABILITIES	<u>78,000</u>	<u>-</u>	<u>-</u>	<u>78,000</u>
TOTAL LIABILITIES	<u>467,274</u>	<u>86,777</u>	<u>(62,365)</u>	<u>491,686</u>
NET ASSETS				
Unrestricted	1,053,656			1,053,656
Temporarily restricted	1,032,848	129,536		1,162,384
TOTAL NET ASSETS	<u>2,086,504</u>	<u>129,536</u>	<u>-</u>	<u>2,216,040</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,553,778</u>	 <u>\$ 216,313</u>	 <u>\$ (62,365)</u>	 <u>\$ 2,707,726</u>

See notes to financial statements

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Combining Statements of Activities
For the Year Ended December 31, 2013

	New Hampshire Legal Assistance	Campaign for Legal Services	Eliminations	Total
CHANGES IN UNRESTRICTED NET ASSETS				
SUPPORT AND REVENUE:				
New Hampshire Bar Foundation - IOLTA	\$ 268,331			\$ 268,331
Government Grants and Contracts	1,039,969			1,039,969
United Ways	132,959			132,959
Contributions - Foundations	315,894		\$ 1,452	317,346
Contributions - Campaign for Legal Services	140,649	\$ 174,146	(140,649)	174,146
Reimbursement of campaign expenses	83,069		(83,069)	-
Case Revenue	163,625			163,625
Investment income	2,836	34		2,870
Net assets released from restrictions	1,032,848	129,536		1,162,384
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>3,180,180</u>	<u>303,716</u>	<u>(222,266)</u>	<u>3,261,630</u>
EXPENSES				
Program services:				
Domestic violence project	429,806			429,806
Housing justice project	537,305			537,305
Senior citizens' law project	259,655			259,655
Youth law project	142,547			142,547
Other civil legal services	1,251,620			1,251,620
Total program services	<u>2,620,933</u>	<u>-</u>	<u>-</u>	<u>2,620,933</u>
Supporting services:				
Fund raising	198,420	82,221	(82,221)	198,420
Management and general	449,693	221,495	(140,045)	531,143
Total supporting services	<u>648,113</u>	<u>303,716</u>	<u>(222,266)</u>	<u>729,563</u>
TOTAL EXPENSES	<u>3,269,046</u>	<u>303,716</u>	<u>(222,266)</u>	<u>3,350,496</u>
(DECREASE) IN UNRESTRICTED NET ASSETS	<u>(88,866)</u>	<u>-</u>	<u>-</u>	<u>(88,866)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS				
New Hampshire Bar Foundation - IOLTA	191,669			191,669
Government Grants and Contracts	1,185,127			1,185,127
United Ways	32,438			32,438
Contributions		92,390		92,390
Temporarily restricted net assets released from restrictions	(1,032,848)	(129,536)		(1,162,384)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>376,386</u>	<u>(37,146)</u>	<u>-</u>	<u>339,240</u>
CHANGE IN NET ASSETS	<u>287,520</u>	<u>(37,146)</u>	<u>-</u>	<u>250,374</u>
NET ASSETS - January 1	<u>2,086,504</u>	<u>129,536</u>	<u>-</u>	<u>2,216,040</u>
NET ASSETS - December 31	<u>\$ 2,374,024</u>	<u>\$ 92,390</u>	<u>\$ -</u>	<u>\$ 2,466,414</u>

See notes to financial statements

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Combining Statements of Activities
For the Year Ended December 31, 2012

	<u>New Hampshire Legal Assistance</u>	<u>Campaign for Legal Services</u>	<u>Eliminations</u>	<u>Total</u>
CHANGES IN UNRESTRICTED NET ASSETS				
SUPPORT AND REVENUE:				
New Hampshire Bar Foundation - IOLTA	\$ 253,750			\$ 253,750
Government Grants and Contracts	863,892			863,892
United Ways	97,751			97,751
Contributions - Foundations	274,942			274,942
Contributions - Campaign for Legal Services	88,595	\$ 205,266	\$ (88,594)	205,267
Reimbursement of campaign expenses	79,148		(79,148)	-
Case Revenue	202,315			202,315
Unrealized gain on investments	21,272			21,272
Investment income	2,143	40		2,183
Net assets released from restrictions	1,024,746	14,032		1,038,778
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>2,908,554</u>	<u>219,338</u>	<u>(167,742)</u>	<u>2,960,150</u>
EXPENSES				
Program services:				
Domestic violence project	479,287			479,287
Housing justice project	519,420			519,420
Senior citizens' law project	234,348			234,348
Youth law project	138,573			138,573
Other civil legal services	1,208,385			1,208,385
Total program services	<u>2,580,013</u>	<u>-</u>	<u>-</u>	<u>2,580,013</u>
Supporting services:				
Fund raising	177,003	79,820	(79,820)	177,003
Management and general	493,412	139,518	(87,922)	545,008
Total supporting services	<u>670,415</u>	<u>219,338</u>	<u>(167,742)</u>	<u>722,011</u>
TOTAL EXPENSES	<u>3,250,428</u>	<u>219,338</u>	<u>(167,742)</u>	<u>3,302,024</u>
(DECREASE) IN UNRESTRICTED NET ASSETS	<u>(341,874)</u>	<u>-</u>	<u>-</u>	<u>(341,874)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS				
New Hampshire Bar Foundation - IOLTA	181,250			181,250
Government Grants and Contracts	468,231			468,231
United Ways	33,367			33,367
Contributions		129,536		129,536
Temporarily restricted net assets released from restrictions	(1,024,746)	(14,032)		(1,038,778)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(341,898)</u>	<u>115,504</u>	<u>-</u>	<u>(226,394)</u>
CHANGE IN NET ASSETS	<u>(683,772)</u>	<u>115,504</u>	<u>-</u>	<u>(568,268)</u>
NET ASSETS - January 1	<u>2,770,276</u>	<u>14,032</u>		<u>2,784,308</u>
NET ASSETS - December 31	<u>\$ 2,086,504</u>	<u>\$ 129,536</u>	<u>\$ -</u>	<u>\$ 2,216,040</u>

See notes to financial statements