

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.

Financial Statements

With Schedule of Expenditures of Federal Awards

December 31, 2021 and 2020

and

Independent Auditor's Report

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
With *Government Auditing Standards***

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Schedule of Findings and Questioned Costs

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
FINANCIAL STATEMENTS
December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of New Hampshire Legal Assistance, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New Hampshire Legal Assistance, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Hampshire Legal Assistance, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Hampshire Legal Assistance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 New Hampshire Legal Assistance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Hampshire Legal Assistance, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the financial statements. Additionally, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of financial position and activities and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022 on our consideration of New Hampshire Legal Assistance, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Hampshire Legal Assistance, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Hampshire Legal Assistance, Inc.'s internal control over financial reporting and compliance.

Vachon Clukay & Company PC

Manchester, New Hampshire
March 31, 2022

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 1,536,814	\$ 2,064,411
Cash, restricted	13,531	33,423
Investments	800,006	350,000
Grants and contracts receivable	2,086,898	1,755,351
Contributions receivable, net	6,062	12,722
Prepaid expenses	70,245	7,823
Security deposits	13,925	13,850
TOTAL CURRENT ASSETS	<u>4,527,481</u>	<u>4,237,580</u>
NONCURRENT ASSETS:		
Property and equipment, net	<u>215,082</u>	<u>251,786</u>
TOTAL NONCURRENT ASSETS	<u>215,082</u>	<u>251,786</u>
 TOTAL ASSETS	 <u>\$ 4,742,563</u>	 <u>\$ 4,489,366</u>
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 58,692	\$ 83,086
Accrued expenses	326,498	300,825
Deposits held for others	<u>13,531</u>	<u>33,423</u>
TOTAL CURRENT LIABILITIES	<u>398,721</u>	<u>417,334</u>
TOTAL LIABILITIES	<u>398,721</u>	<u>417,334</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	1,450,162	1,625,106
Board designated operating reserve	650,000	600,000
With donor restrictions:		
Purpose restrictions	795,725	539,555
Time restrictions for future periods	<u>1,447,955</u>	<u>1,307,371</u>
TOTAL NET ASSETS	<u>4,343,842</u>	<u>4,072,032</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,742,563</u>	 <u>\$ 4,489,366</u>

See notes to financial statements

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.**Statements of Activities**

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE:		
New Hampshire Bar Foundation - IOLTA	\$ 301,408	\$ 327,687
Government grants and contracts	2,261,637	2,494,449
United Ways	16,962	12,336
Contributions - Foundations and Other	474,969	450,585
Contributions - Campaign for Legal Services	444,058	430,520
Case revenue	13,941	49,184
Investment income	10,324	19,584
Net assets released from donor restrictions	1,555,141	2,092,830
TOTAL SUPPORT AND REVENUE	<u>5,078,440</u>	<u>5,877,175</u>
WITHOUT DONOR RESTRICTIONS		
EXPENSES:		
Program services:		
Domestic violence project	1,052,250	1,200,569
Housing justice project	891,880	596,359
Senior law project	552,274	408,639
Public benefits	610,318	445,621
Immigration	222,787	
Youth law project	113,355	68,067
Other civil legal services	710,662	1,318,391
Total program services	<u>4,153,526</u>	<u>4,037,646</u>
Supporting services:		
Fund raising	267,828	252,781
Management and general	782,030	744,659
Total supporting services	<u>1,049,858</u>	<u>997,440</u>
TOTAL EXPENSES	<u>5,203,384</u>	<u>5,035,086</u>
INCREASE (DECREASE) IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS	<u>(124,944)</u>	<u>842,089</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
New Hampshire Bar Foundation - IOLTA	215,292	234,063
Government grants and contracts	1,024,869	1,237,129
United Ways	28,960	48,754
Contributions - Foundations and Other	682,774	553,146
Net assets released from donor restrictions	(1,555,141)	(2,092,830)
INCREASE (DECREASE) IN NET ASSETS		
WITH DONOR RESTRICTIONS	<u>396,754</u>	<u>(19,738)</u>
CHANGE IN NET ASSETS	271,810	822,351
NET ASSETS - January 1, as restated	<u>4,072,032</u>	<u>3,249,681</u>
NET ASSETS - December 31	<u>\$ 4,343,842</u>	<u>\$ 4,072,032</u>

See notes to financial statements

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services							Supporting Services			Combined Total	
	Domestic Violence Project	Housing Justice Project	Justice in Aging Project	Benefits Project	Immigration Justice Project	Youth Law Project	Other Civil Legal Services	Total	Fund Raising	Management and General		Total
Salaries	\$ 656,827	\$ 551,802	\$ 338,048	\$ 406,811	\$ 145,312	\$ 75,051	\$ 437,374	\$ 2,611,225	\$ 97,819	\$ 514,581	\$ 612,400	\$ 3,223,625
Payroll taxes	47,423	39,840	24,407	29,372	10,492	5,419	31,058	188,011	7,158	50,482	57,640	245,651
Employee benefits	109,887	92,316	56,555	68,059	24,311	12,556	71,847	435,531	16,266	96,407	112,673	548,204
Space and occupancy	42,592	36,674	23,070	27,763	9,917	5,122	33,066	178,204		51,398	51,398	229,602
Communications	6,700	5,769	3,629	4,367	1,560	806	5,202	28,033		3,548	3,548	31,581
Office supplies and expenses	6,689	5,759	3,623	4,360	1,557	804	5,192	27,984	22,675	4,237	26,912	54,896
Library	10,154	8,744	5,501	6,619	2,364	1,221	7,884	42,487				42,487
Temporaries/contract services	77,163	66,441	41,796	50,297	17,966	9,279	59,905	322,847	890	39,712	40,602	363,449
Litigation expenses	5,547	1,088	1,350	530	3,560	409	1,743	14,227				14,227
Training and meetings	4,252	3,661	2,303	2,771	990	511	3,301	17,789	1,000	1,292	2,292	20,081
Dues and fees	4,828	4,157	2,615	3,147	1,124	581	3,748	20,200	50	1,938	1,988	22,188
Insurance	4,757	4,096	2,577	3,101	1,108	572	3,693	19,904		9,019	9,019	28,923
Equipment rental and maintenance	965	831	523	629	225	116	749	4,038		643	643	4,681
Postage	2,104	1,812	1,140	1,371	490	253	1,634	8,804				8,804
Sub-grants	62,287	64,830	43,143				3,096	173,356				173,356
Travel	9,121	3,238	1,477	499	1,589	540	2,307	18,771	90	299	389	19,160
Distributions to campaign partners									94,319		94,319	94,319
Other expenses	954	822	517	622	222	115	741	3,993	27,561	2,497	30,058	34,051
Depreciation							38,122	38,122		5,977	5,977	44,099
Total Functional Expenses	\$ 1,052,250	\$ 891,880	\$ 552,274	\$ 610,318	\$ 222,787	\$ 113,355	\$ 710,662	\$ 4,153,526	\$ 267,828	\$ 782,030	\$ 1,049,858	\$ 5,203,384

See notes to financial statements

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services						Supporting Services			Combined Total	
	Domestic Violence Project	Housing Justice Project	Justice in Aging Project	Benefits Project	Youth Law Project	Other Civil Legal Services	Total	Fund Raising	Management and General		Total
Salaries	\$ 752,834	\$ 396,031	\$ 213,929	\$ 219,511	\$ 45,705	\$ 822,131	\$ 2,450,141	\$ 90,350	\$ 518,680	\$ 609,030	\$ 3,059,171
Payroll taxes	57,592	30,296	16,366	13,494	2,810	30,057	150,615	2,560	31,273	33,833	184,448
Employee benefits	126,595	68,804	34,834	36,040	7,504	128,495	402,272	16,878	85,576	102,454	504,726
Space and occupancy	57,317	28,087	13,673	17,788	3,704	77,975	198,544		31,802	31,802	230,346
Communications	9,711	4,629	2,302	2,682	559	10,059	29,942		4,796	4,796	34,738
Office supplies and expenses	9,422	5,965	2,932	2,793	582	9,480	31,174	20,734	8,315	29,049	60,223
Library	13,386	5,935	3,030	3,165	659	9,150	35,325		5,658	5,658	40,983
Temporaries/contract services	47,762	37,854	18,021	18,465	4,312	104,722	231,136	1,445	37,075	38,520	269,656
Litigation expenses	11,729	2,933	3,124	1,869	389	817	20,861				20,861
Training and meetings	5,074	1,265	2,900	1,725	359	7,931	19,254	1,134	3,266	4,400	23,654
Dues and fees	5,666	3,320	1,740	1,567	326	4,875	17,494		2,802	2,802	20,296
Insurance	5,882	2,786	1,328	2,058	428	10,485	22,967		3,679	3,679	26,646
Equipment rental and maintenance	3,852	1,797	1,149	1,090	227	4,051	12,166		1,949	1,949	14,115
Postage	2,654	1,250	758	665	138	1,954	7,419	664	1,295	1,959	9,378
Sub-grants	80,971	2,562	89,115	120,960		58,220	351,828				351,828
Travel	9,598	2,591	3,303	1,651	344	936	18,423	365		365	18,788
Distributions to campaign partners								96,463		96,463	96,463
Other expenses	524	254	135	98	21	67	1,099	22,188	2,569	24,757	25,856
Depreciation						36,986	36,986		5,924	5,924	42,910
Total Functional Expenses	<u>\$ 1,200,569</u>	<u>\$ 596,359</u>	<u>\$ 408,639</u>	<u>\$ 445,621</u>	<u>\$ 68,067</u>	<u>\$ 1,318,391</u>	<u>\$ 4,037,646</u>	<u>\$ 252,781</u>	<u>\$ 744,659</u>	<u>\$ 997,440</u>	<u>\$ 5,035,086</u>

See notes to financial statements

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.**Statements of Cash Flows**

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 271,810	\$ 822,351
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	44,099	42,910
Net effect of changes in:		
Grants and contracts receivable	(331,547)	(86,235)
Contributions receivable, net	6,660	26,596
Prepaid expenses	(62,422)	25,304
Security deposits	(75)	
Accounts payable	(24,394)	(13,302)
Accrued expenses	25,673	104,453
Deposits held for others	(19,892)	(96,830)
Net cash provided (used) by operating activities	<u>(90,088)</u>	<u>825,247</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(7,395)	(22,833)
Sale of investments		525,059
Purchase of investments	<u>(450,006)</u>	
Net cash provided (used) in investing activities	<u>(457,401)</u>	<u>502,226</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable		<u>(5,000)</u>
Net cash used for financing activities	<u>-</u>	<u>(5,000)</u>
NET INCREASE IN CASH AND EQUIVALENTS	(547,489)	1,322,473
CASH AND EQUIVALENTS - January 1	<u>2,097,834</u>	<u>775,361</u>
CASH AND EQUIVALENTS - December 31	<u>\$ 1,550,345</u>	<u>\$ 2,097,834</u>
Non-Cash Supplemental Disclosures:		
Forgiveness of SBA note payable	<u>\$ -</u>	<u>\$ 681,800</u>

See notes to financial statements

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

New Hampshire Legal Assistance, Inc. is a non-profit organization incorporated in 1971. New Hampshire Legal Assistance, Inc. (NHLA) provides civil legal aid, working alongside clients who have low income and need help with legal problems impacting basic human needs. Services range from basic legal information, to personalized legal advice, to representation in all of New Hampshire's courts and before many local, state, and federal administrative agencies. New Hampshire Legal Assistance, Inc. offers the following program services.

Domestic Violence Advocacy Project

The Domestic Violence Advocacy Project (DVAP) provides holistic civil legal services to victims and survivors of domestic violence, stalking, human trafficking, and sexual assault. DVAP advocates primarily represent victims and survivors seeking protective orders and related family law relief (such as divorce and parenting rights).

Housing Justice Project and Other Housing Work

The Housing Justice Project (HJP) focuses on preventing homelessness by working alongside clients to preserve their housing or access safe and affordable housing options. The HJP handles evictions and other cases involving Section 8 vouchers and federally assisted housing, property taxes, mobile home parks, and dangerous housing conditions (such as childhood lead poisoning). Through the Fair Housing Project, NHLA investigates complaints of housing discrimination and represents people who are victims of housing discrimination. Through the Foreclosure Relief Project, NHLA works with homeowners facing foreclosure and property tax delinquency. The Energy and Utility Justice Project represents clients with issues related to utility disconnections and arrears and problems accessing assistance programs such as the Electric Assistance Program, the Weatherization Assistance Program, the Fuel Assistance Program, and energy efficiency programs.

Benefits Project

The Benefits Project helps individuals with disabilities obtain Social Security Disability Insurance (SSDI), Supplemental Security Income (SSI), and Aid to the Permanently and Totally Disabled (APTD) benefits and access quality health care through the Medicaid and Medicare programs. Benefits Project advocates also represent individuals and families with other assistance programs, such as the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), various cash benefits programs, unemployment insurance, and municipal welfare programs.

Justice in Aging Project

NHLA provides legal services to older adults (persons age 60 or older) through the Justice in Aging Project (JIA Project, formerly known as the Senior Law Project). JIA Project advocates assist older adults with a variety of civil legal problems including illegal and abusive debt collection practices, financial

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2021 and 2020

exploitation, long-term care resident rights, public and private housing problems, and denial of government benefits and health care.

Youth Law Project

NHLA's Youth Law Project (YLP) serves children and adolescents who are at risk of involvement with the juvenile legal system and need civil legal help to access services necessary to graduate from high school. YLP advocates work primarily on special education and school discipline issues.

Immigrant Justice Project

The Immigrant Justice Project (IJP) provides immigration legal services. IJP advocates focus on cases in which a person is eligible for asylum or other humanitarian immigration relief, as well as cases involving relief for victims of crime, including children. Through our Removal Defense Project, the IJP has a special emphasis on working with clients who are facing removal and detained by Immigration and Customs Enforcement.

Accounting Policies

The accounting policies of New Hampshire Legal Assistance, Inc. (the 'Entity'), 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 Accounting

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

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 the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2021 and 2020

Recognition of Donor Restrictions

Contributions are recognized when the donor makes a promise to give to the Entity that is, in substance, unconditional. The Entity reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and other cash accounts with a maturity of 90 days or less. For purposes of the Statements of Cash Flows, cash and cash equivalents consist of the following:

	<u>2021</u>	<u>2020</u>
As presented on the Statements of Financial Position -		
Cash and equivalents	\$ 1,536,814	\$ 2,064,411
Cash, restricted	<u>13,531</u>	<u>33,423</u>
	<u>\$ 1,550,345</u>	<u>\$ 2,097,834</u>

Investments

Investments, which consist of brokered certificates of deposit, are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest income, and unrealized gains and losses, less external and direct internal investment expenses.

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. All contributions receivable are considered current and expected to be received within one year.

Property and Equipment

Property and equipment is recorded at cost for purchased items and at fair value for donated items as of the date of donation. Property and equipment is summarized as follows:

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Land	\$ 10,000	\$ 10,000
Building and improvements	474,993	474,993
Leasehold improvements	2,050	2,050
Equipment	<u>298,639</u>	<u>291,244</u>
	785,682	778,287
Less: Accumulated Depreciation	<u>(570,600)</u>	<u>(526,501)</u>
	<u>\$ 215,082</u>	<u>\$ 251,786</u>

Depreciation is computed using the straight-line method covering estimated two to ten-year lives for equipment, four to forty-year lives for the building and improvements, and over the life of the related lease for leasehold improvements. Expenditures for repairs and maintenance are expensed when incurred and betterments with a useful life in excess of three years are capitalized.

Depreciation expense for the years ending December 31, 2021 and 2020 was \$44,099 and \$42,910, respectively.

Deposits Held for Others

Deposits held for others consist of funds that are held for the express purpose of third-party individuals and organizations and are therefore not available to support the Entity's own programs.

Bad Debts

The Entity uses the reserve method for accounting for bad debts. It is the Entity's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Contributions receivable at December 31, 2021 and 2020 are recorded net of an allowance for uncollectible pledges of \$1,750.

Revenue and Revenue Recognition

The Entity recognizes contributions when cash is received. Special events, donations, and other income are recorded as revenues as received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Entity also has revenue derived from cost-reimbursable federal and state contracts and grants, which are conditional upon certain performance requirements and/or incurrence of allowable qualifying expenses. Amounts received are recognized as revenue without donor restrictions when the Entity has incurred expenditures in compliance with the specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. At December 31, 2021 and 2020, no amounts have been received in advance for which qualifying expenditures have not been incurred under our federal and state contracts and grants.

Case Revenue

The Entity 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 the Entity also receives larger attorney fee awards in individual and class action cases.

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2021 and 2020

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. Accordingly, case revenue is recognized when cash is received.

Donated Services

The Entity receives donated professional services from a variety of part-time volunteers and interns in the form of administrative assistance, as well as paralegal and legal services. The estimated fair value of these donations is recorded as revenue and expenses in the statements of activities. Donated services recognized as revenue and expenses in the statements of activities for the years ending December 31, 2021 and 2020 was \$118,078 and \$160,399, respectively.

Fund Raising Activities

Fund raising expenses represent the allocated costs of the Campaign for Legal Services (See Note 12). Distributions of campaign donations to the Entity's campaign partner agency have been included as fundraising expense because the Entity has an agreement to distribute these funds, which do not represent typical, out-of-pocket operating expenses of the Entity.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited, based primarily on percentage allocations calculated based on hours worked (time and effort). The expenses that are allocated include payroll taxes, employee benefits, occupancy, office supplies and expenses, postage, equipment rental and maintenance, communications, professional library, insurance, dues and fees, contract services, travel, and depreciation, which are all allocated on the basis of time and effort, as noted previously.

Income Taxes

The Entity is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from State of New Hampshire income taxes and, therefore, has made no provision for Federal or State income taxes. In addition, the Entity 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 Entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. FASB Accounting Standards Codification Topic 740 entitled *Accounting for Income Taxes* requires the Entity to report uncertain tax positions for financial reporting purposes. The Entity had no uncertain tax positions as of December 31, 2021 and, accordingly does not have any unrecognized tax benefits that need to be recognized or disclosed in the financial statements.

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, 2021 and 2020

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

Fair Value of Financial Instruments

Cash and equivalents, accounts receivable, accounts payable, and accrued expenses 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.

NOTE 2--LIQUIDITY AND AVAILABILITY

The Entity regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Financial assets in excess of daily cash requirements are invested in brokered certificates of deposit.

The following table reflects the Entity's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor and other restrictions or internal board designations. Amounts not available include the board designated operating reserve. In the event the need arises to utilize the board designated reserve funds for liquidity purposes, the reserves could be drawn upon through board resolution. The Entity has a \$500,000 line of credit available to meet cash flow needs if needed.

Financial assets available for general expenditure, reduced by donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 1,536,814	\$ 2,064,411
Investments	800,006	350,000
Grants and contracts receivable	2,086,898	1,755,351
Contributions receivable, net	<u>6,062</u>	<u>12,722</u>
Total Financial Assets	4,429,780	4,182,484
Less:		
Net assets with donor restrictions	(2,243,680)	(1,846,926)
Board designated operating reserve	<u>(650,000)</u>	<u>(600,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,536,100</u>	<u>\$ 1,735,558</u>

NOTE 3--SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Entity maintains bank deposits at financial institutions with local branches located in New Hampshire. The Entity's cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to a total of \$250,000 for all cash checking and sweep accounts. The Entity has entered into agreements with the financial institutions to move funds in excess of FDIC limits into insured cash sweep accounts. Funds held in the insured cash sweep accounts are placed into FDIC insured deposit accounts with other financial institutions throughout the United States. As of December 31, 2021 and 2020 the Entity's bank deposits were fully insured.

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2021 and 2020

NOTE 4--INVESTMENTS

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The Entity reports under the Fair Value Measurements pronouncements of the FASB Accounting Standards Codification (FASB ASC 820-10), 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 at the measurement date.

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 markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability;
- 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.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the Entity's investments is in brokered certificates of deposit. The brokered certificates of deposit are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

The following tables set forth by level, within the fair value hierarchy, the Entity's assets measured at fair value on a recurring basis, as of December 31, 2021 and 2020:

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2021 and 2020

	Assets at Fair Value as of December 31, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit		\$ 800,006		\$ 800,006
Total Assets at Fair Value	\$ -	\$ 800,006	\$ -	\$ 800,006

	Assets at Fair Value as of December 31, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit		\$ 350,000		\$ 350,000
Total Assets at Fair Value	\$ -	\$ 350,000	\$ -	\$ 350,000

NOTE 5--GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable, by funding category, consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
State of New Hampshire and Federal - Departments and Agencies	\$ 1,138,165	\$ 1,156,636
Local Governments		1,680
New Hampshire Bar Foundation - IOLTA	258,348	280,874
United Way (various branches)	26,463	44,508
Foundations and Other	663,922	271,653
	<u>\$ 2,086,898</u>	<u>\$ 1,755,351</u>

NOTE 6--ACCRUED VACATION LEAVE

Employees earn annual vacation leave as they provide services. Pursuant to Entity policy, employees may accumulate, subject to certain limitations, unused vacation leave, and upon termination of employment be compensated for such amounts at current rates of pay. Employees may not “cash out” their accumulated vacation leave at any time during their employment. Accumulated earned vacation leave at December 31, 2021 and 2020 was \$139,393 and \$151,673, respectively, and has been included as part of the ‘Accrued expenses’ liability in the statements of financial position.

NOTE 7--PENSION PLAN

The Entity operates a 401(k)-retirement plan, and under the plan’s “safe harbor” rules, the Entity contributes 3% of all employees’ salaries to the plan. Under the terms of the plan, the Entity has the discretion to make a higher level of contribution to the plan but is not obligated. For the years ended December 31, 2021 and 2020 the Entity’s discretionary contribution was up to a 2% match of contributing employees’ salaries. Contributions to the plan for the year ended December 31, 2021 and 2020 totaled \$152,673 and \$140,389, respectively.

NOTE 8--NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions have been restricted for the following as of December 31, 2021 and 2020:

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Civil legal services	\$ 65,706	\$ 54,246
Fair Housing legal services	304,869	25,000
Enviornmental Justice Project		98,621
Elderly and Adult legal services	42,746	97,533
Health Care Access	176,277	9,596
Medical and Legal Collaboration		2,083
Consumer protection	50,393	51,504
COVID-19	29,159	57,475
Immigration	126,575	140,000
Other		3,497
	<u>795,725</u>	<u>539,555</u>
Subject to expenditure for specified period and purpose:		
Civil legal services	1,091,755	1,228,571
Elderly and Adult legal services	260,000	65,000
COVID-19	56,200	
Immigration	40,000	
Health Care Access		9,300
Other		4,500
	<u>1,447,955</u>	<u>1,307,371</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,243,680</u>	<u>\$ 1,846,926</u>

NOTE 9--REVENUE FROM CONTRACTS WITH CUSTOMERS

The following tables provide information about significant changes in the contracts with customers in effect for the years ended December 31, 2021 and 2020:

Contract Receivables

	<u>2021</u>	<u>2020</u>
Contracts receivable, beginning of year	\$ 27,000	\$ 45,000
Restatement impact	(9,833)	
New contracts awarded		59,500
Cash received	(17,167)	(77,500)
Contracts receivable, end of year	<u>\$ -</u>	<u>\$ 27,000</u>

Net Assets

	<u>2021</u>	<u>2020</u>
Donor Restricted Net Assets, beginning of year	\$ 17,828	\$ 22,500
Restatement impact	(9,833)	
New contracts awarded		59,500
Revenue recognized on contracts	(7,995)	(64,172)
Donor Restricted Net Assets, end of year	<u>\$ -</u>	<u>\$ 17,828</u>

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2021 and 2020

NOTE 10--LEASE COMMITMENTS

The Entity leases its current Manchester, New Hampshire office building under an agreement that commenced October 1, 2014 and which was amended through April 30, 2023. The Entity leases its Concord, New Hampshire office under an agreement that commenced November 19, 2014 which was extended, with new terms through November 18, 2024. The Entity leases its Berlin, New Hampshire office under an agreement that commenced June 1, 2017 and ended June 1, 2019. As of June 1, 2019, the original lease was extended, with new terms through May 31, 2021. Effective April 2021 Berlin offices were relocated and a new lease commenced for May 26, 2021, expiring May 31, 2024. The Entity leases its Claremont, New Hampshire office on a month-to-month basis. The general terms of the lease extend through December 2022. The terms of all of the Entity's leases contain a provision that allow the Entity to terminate the lease prior to the end of the lease term in the event of a funding reduction. Rental expense for leases was \$191,379 and \$189,529 for the years ended December 31, 2021 and 2020, 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>
2022	\$ 194,000
2023	132,184
2024	<u>91,386</u>
	<u>\$ 417,570</u>

NOTE 11--ECONOMIC DEPENDENCY

For the years ended December 31, 2021 and 2020, approximately 29.5% and 25.5%, respectively, of total support and revenue was derived from an appropriation from the State of New Hampshire. The discontinuation or reduction of the State appropriation would likely result in a decrease in services provided by the Entity, until alternative revenues could be obtained.

NOTE 12--CAMPAIGN FOR LEGAL SERVICES

In June 2005, the Entity 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 the Entity and 603 Legal Aid, a not-for-profit entity providing civil legal services to low-income people in the State of New Hampshire. Revenue and expenses of these activities have been reported as contributions received and made, and as fund raising expenses in these financial statements. For the years ended December 31, 2021 and 2020 the Campaign had total unrestricted revenue and support of \$443,676 and \$430,520, respectively, and total expenses, excluding distributions, of \$173,509 and \$156,318, respectively.

Distributions to the Campaign partners during the years ended December 31, 2021 and 2020 totaled \$268,013 and \$275,609, respectively. Distributions were allocated and made as follows for the years ended December 31, 2021 and 2020: the Entity received \$173,694 and \$179,146, respectively, and 603 Legal Aid received \$94,319 and \$96,463, respectively.

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2021 and 2020

NOTE 13--LINE OF CREDIT

The Entity has an available line of credit with its primary bank for up to \$500,000. For the years ended December 31, 2021 and 2020, the interest rate was 3.75%. No amounts have been drawn on the line of credit and there was no outstanding balance due as of December 31, 2021 or 2020.

NOTE 14--CONTINGENCIES

The Entity participates in a number of Federal and State assisted grant programs and contracts. Such programs may be subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenses which may be disallowed by a grantor agency cannot be determined at this time, although the Entity expects such amounts, if any, to be immaterial.

NOTE 15--SBA PAYCHECK PROTECTION PROGRAM

During April 2020, the Entity obtained a note payable under the Paycheck Protection Program in the amount of \$681,800. Under the terms of the agreement, the Entity was eligible to apply for principal forgiveness in whole or in part by the Small Business Administration under the CARES Act, once certain eligibility criteria had been satisfied. In November 2020, the Entity was granted principal forgiveness for the outstanding principal in its entirety. As a result, no payments were made or required on this note payable for extinguishment.

For the year ended December 31, 2020, revenue without donor restrictions in the amount of \$681,800 has been recognized as "Government grants and contracts" on the statements of activities.

NOTE 16--SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 31, 2022 which is the date the financial statements were available to be issued.

NOTE 17--RESTATEMENT

During the year ended December 31, 2021, management changed revenue recognition policies for its cost-reimbursable grants and contracts. Revenues, receivables, and ending net asset amounts related to prior periods and, as a result, beginning net assets as of January 1, 2020 have been restated.

The impact of the above changes on amounts previously reported as of December 31, 2020 are as follows:

	<u>As restated</u>	<u>As previously</u>	<u>Change</u>
	<u>2020</u>	<u>reported</u>	<u>2020</u>
		<u>2020</u>	<u>2020</u>
Statement of Financial Position:			
Grants and contracts receivable	\$ 1,755,351	\$ 2,636,311	\$ (880,960)
Net assets with donor restrictions:			
Purpose restrictions	539,555	549,387	(9,832)
Time restrictions for future periods	1,307,371	2,178,499	(871,128)

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended December 31, 2021 and 2020

	As restated	As previously reported	Change
	<u>2020</u>	<u>2020</u>	<u>2020</u>
Statement of Activities:			
Government grants and contracts	\$ 1,237,129	\$ 1,613,957	\$ (376,828)
Net Assets - January 1	<u>3,249,681</u>	<u>3,753,813</u>	<u>(504,132)</u>
Net Assets - December 31	<u>\$ 4,072,032</u>	<u>\$ 4,952,992</u>	<u>\$ (880,960)</u>

NOTE 18--FUTURE ACCOUNTING STANDARDS

FASB has issued ASU 2016-02, *Leases (Topic 842)*, which the Entity is required to implement for the year ending December 31, 2022. Management believes that this update will have a potentially significant impact on the financial statements. The Entity will be required to recognize a right-of-use asset and a lease liability for transactions currently identified as operating leases.

SCHEDULE I
NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Received directly from U.S. Treasury Department			
Fair Housing Initiatives Program #FPEI190019	14.408	\$ 297,269	\$ -
Education and Outreach Initiatives #FEOI20033	14.416	78,447	-
Total Department of Housing and Urban Development		<u>375,716</u>	<u>-</u>
DEPARTMENT OF JUSTICE			
Pass Through Payments from the County of Strafford, New Hampshire			
Justice Systems Response to Families	16.021	1,342	-
Pass Through Payments from New Hampshire Department of Justice			
Crime Victim Assistance #2021VO22 #2021VOC71	16.575	599,287 211,079 <u>810,366</u>	<u>68,164</u>
Violence Against Women Formula Grants #2021VAW17	16.588	45,000	-
Total Department of Justice		<u>856,708</u>	<u>68,164</u>
DEPARTMENT OF THE TREASURY			
Pass Through Payments from the State of New Hampshire Governor's Office			
COVID-19 - Emergency Rental Assistance Program	21.023	10,039	-
Total Department of Treasury		<u>10,039</u>	<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass Through Payments from New Hampshire Bureau of Elderly and Adult Services			
<i>Aging Cluster:</i>			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers #17AANHT3SS	93.044	177,355 <u>177,355</u>	<u>-</u>
Total Aging Cluster		<u>177,355</u>	<u>-</u>
Total Department of Health and Human Services		<u>177,355</u>	<u>-</u>
Total Expenditures of Federal Awards		<u>\$ 1,419,818</u>	<u>\$ 68,164</u>

See notes to schedule of expenditures of federal awards

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

NOTE 1--BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of New Hampshire Legal Assistance, Inc. under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of New Hampshire Legal Assistance, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of New Hampshire Legal Assistance, Inc.

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to New Hampshire Legal Assistance, Inc.'s financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

NOTE 3--INDIRECT COST RATE

New Hampshire Legal Assistance, Inc. has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4--RELATIONSHIP TO FINANCIAL STATEMENTS

The recognition of expenditures of federal awards has been reported in the Entity's financial statements as program services and management and general expenses, as applicable.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Hampshire Legal Assistance, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Hampshire Legal Assistance, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Hampshire Legal Assistance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of New Hampshire Legal Assistance, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Hampshire Legal Assistance, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vachon Clukay & Company PC

Manchester, New Hampshire
March 31, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Hampshire Legal Assistance, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of New Hampshire Legal Assistance, Inc.'s major federal programs for the year ended December 31, 2021. New Hampshire Legal Assistance, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, New Hampshire Legal Assistance, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion of Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of New Hampshire Legal Assistance, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of New Hampshire Legal Assistance, Inc.'s compliance with compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to New Hampshire Legal Assistance, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on New Hampshire Legal Assistance, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore it is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about New Hampshire Legal Assistance, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding New Hampshire Legal Assistance, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of New Hampshire Legal Assistance, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of New Hampshire Legal Assistance, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vachon Clukay & Company PC

Manchester, New Hampshire
March 31, 2022

**New Hampshire Legal Assistance, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2021**

Section I--Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified? _____ yes X none reported
 Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:
 Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal program(s):

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.408	Fair Housing Initiatives Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II--Financial Statement Findings

There were no findings relating to the financial statements required to be reported by GAGAS.

Section III--Federal Award Findings and Questioned Costs

There were no findings and questioned costs as defined under 2 CFR 200.516(a).

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Combining Statement of Financial Position
December 31, 2021

	<u>New Hampshire Legal Assistance</u>	<u>Campaign for Legal Services</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS:				
Cash and equivalents	\$ 1,419,447	\$ 117,367		\$ 1,536,814
Cash, restricted	13,531			13,531
Investments	800,006			800,006
Grants and contracts receivable	2,086,898			2,086,898
Contributions receivable, net	86,186	349	\$ (80,473)	6,062
Prepaid expenses	69,050	1,195		70,245
Security deposits	13,925			13,925
TOTAL CURRENT ASSETS	<u>4,489,043</u>	<u>118,911</u>	<u>(80,473)</u>	<u>4,527,481</u>
NONCURRENT ASSETS:				
Property and equipment, net	<u>215,082</u>			<u>215,082</u>
TOTAL NONCURRENT ASSETS	<u>215,082</u>	<u>-</u>	<u>-</u>	<u>215,082</u>
 TOTAL ASSETS	 <u>\$ 4,704,125</u>	 <u>\$ 118,911</u>	 <u>\$ (80,473)</u>	 <u>\$ 4,742,563</u>
LIABILITIES & NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	\$ 25,993	\$ 113,172	\$ (80,473)	\$ 58,692
Accrued expenses	322,509	3,989		326,498
Deposits held for others	13,531			13,531
TOTAL CURRENT LIABILITIES	<u>362,033</u>	<u>117,161</u>	<u>(80,473)</u>	<u>398,721</u>
TOTAL LIABILITIES	<u>362,033</u>	<u>117,161</u>	<u>(80,473)</u>	<u>398,721</u>
NET ASSETS:				
Without donor restrictions:				
Undesignated	1,448,412	1,750		1,450,162
Board designated operating reserve	650,000			650,000
With donor restrictions:				
Purpose restrictions	795,725			795,725
Time restrictions for future periods	<u>1,447,955</u>			<u>1,447,955</u>
TOTAL NET ASSETS	<u>4,342,092</u>	<u>1,750</u>	<u>-</u>	<u>4,343,842</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,704,125</u>	 <u>\$ 118,911</u>	 <u>\$ (80,473)</u>	 <u>\$ 4,742,563</u>

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Combining Statement of Financial Position
December 31, 2020

	<u>New Hampshire Legal Assistance</u>	<u>Campaign for Legal Services</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS:				
Cash and equivalents	\$ 1,942,314	\$ 122,097		\$ 2,064,411
Cash, restricted	33,423			33,423
Investments	350,000			350,000
Grants and contracts receivable	1,755,351			1,755,351
Contributions receivable, net	92,308	10,563	\$ (90,149)	12,722
Prepaid expenses	7,823			7,823
Security deposits	13,850			13,850
TOTAL CURRENT ASSETS	<u>4,195,069</u>	<u>132,660</u>	<u>(90,149)</u>	<u>4,237,580</u>
NONCURRENT ASSETS:				
Property and equipment, net	251,786			251,786
TOTAL NONCURRENT ASSETS	<u>251,786</u>	<u>-</u>	<u>-</u>	<u>251,786</u>
TOTAL ASSETS	<u>\$ 4,446,855</u>	<u>\$ 132,660</u>	<u>\$ (90,149)</u>	<u>\$ 4,489,366</u>
LIABILITIES & NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	\$ 40,168	\$ 133,067	\$ (90,149)	\$ 83,086
Accrued expenses	300,825			300,825
Deposits held for others	33,423			33,423
TOTAL CURRENT LIABILITIES	<u>374,416</u>	<u>133,067</u>	<u>(90,149)</u>	<u>417,334</u>
TOTAL LIABILITIES	<u>374,416</u>	<u>133,067</u>	<u>(90,149)</u>	<u>417,334</u>
NET ASSETS:				
Without donor restrictions:				
Undesignated	1,625,513	(407)		1,625,106
Board designated operating reserve	600,000			600,000
With donor restrictions:				
Purpose restrictions	539,555			539,555
Time restrictions for future periods	1,307,371			1,307,371
TOTAL NET ASSETS	<u>4,072,439</u>	<u>(407)</u>	<u>-</u>	<u>4,072,032</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,446,855</u>	<u>\$ 132,660</u>	<u>\$ (90,149)</u>	<u>\$ 4,489,366</u>

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.

Combining Statement of Activities

For the Year Ended December 31, 2021

	<u>New Hampshire Legal Assistance</u>	<u>Campaign for Legal Services</u>	<u>Eliminations</u>	<u>Total</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
SUPPORT AND REVENUE:				
New Hampshire Bar Foundation - IOLTA	\$ 301,408			\$ 301,408
Government grants and contracts	2,261,637			2,261,637
United Ways	16,962			16,962
Contributions - Foundations and Other	474,969			474,969
Contributions - Campaign for Legal Services	174,076	\$ 443,676	\$ (173,694)	444,058
Case revenue	13,941			13,941
Investment income	10,321	3		10,324
Net assets released from donor restrictions	<u>1,555,141</u>			<u>1,555,141</u>
TOTAL SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS	<u>4,808,455</u>	<u>443,679</u>	<u>(173,694)</u>	<u>5,078,440</u>
EXPENSES:				
Program services:				
Domestic violence project	1,052,250			1,052,250
Housing justice project	891,880			891,880
Senior law project	552,274			552,274
Public benefits	610,318			610,318
Immigration	222,787			222,787
Youth law project	113,355			113,355
Other civil legal services	<u>710,662</u>			<u>710,662</u>
Total program services	<u>4,153,526</u>	<u>-</u>	<u>-</u>	<u>4,153,526</u>
Supporting services:				
Fund raising		441,522	(173,694)	267,828
Management and general	<u>782,030</u>			<u>782,030</u>
Total supporting services	<u>782,030</u>	<u>441,522</u>	<u>(173,694)</u>	<u>1,049,858</u>
TOTAL EXPENSES	<u>4,935,556</u>	<u>441,522</u>	<u>(173,694)</u>	<u>5,203,384</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(127,101)</u>	<u>2,157</u>	<u>-</u>	<u>(124,944)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
New Hampshire Bar Foundation - IOLTA	215,292			215,292
Government grants and contracts	1,024,869			1,024,869
United Ways	28,960			28,960
Contributions - Foundations and Other	682,774			682,774
Net assets released from donor restrictions	<u>(1,555,141)</u>			<u>(1,555,141)</u>
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>396,754</u>	<u>-</u>	<u>-</u>	<u>396,754</u>
CHANGE IN NET ASSETS	269,653	2,157	-	271,810
NET ASSETS - January 1, as restated	<u>4,072,439</u>	<u>(407)</u>	<u>-</u>	<u>4,072,032</u>
NET ASSETS - December 31	<u>\$ 4,342,092</u>	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 4,343,842</u>

NEW HAMPSHIRE LEGAL ASSISTANCE, INC.
Combining Statement of Activities
For the Year Ended December 31, 2020

	<u>New Hampshire Legal Assistance</u>	<u>Campaign for Legal Services</u>	<u>Eliminations</u>	<u>Total</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
SUPPORT AND REVENUE:				
New Hampshire Bar Foundation - IOLTA	\$ 327,687			\$ 327,687
Government grants and contracts	2,494,449			2,494,449
United Ways	12,336			12,336
Contributions - Foundations and Other	450,585			450,585
Contributions - Campaign for Legal Services	179,146	\$ 430,520	\$ (179,146)	430,520
Case revenue	49,184			49,184
Investment income	19,584			19,584
Net assets released from donor restrictions	<u>2,092,830</u>			<u>2,092,830</u>
TOTAL SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS	<u>5,625,801</u>	<u>430,520</u>	<u>(179,146)</u>	<u>5,877,175</u>
EXPENSES:				
Program services:				
Domestic violence project	1,200,569			1,200,569
Housing justice project	596,359			596,359
Senior law project	408,639			408,639
Public benefits	445,621			445,621
Youth law project	68,067			68,067
Other civil legal services	<u>1,318,391</u>			<u>1,318,391</u>
Total program services	<u>4,037,646</u>	<u>-</u>	<u>-</u>	<u>4,037,646</u>
Supporting services:				
Fund raising		431,927	(179,146)	252,781
Management and general	<u>744,659</u>			<u>744,659</u>
Total supporting services	<u>744,659</u>	<u>431,927</u>	<u>(179,146)</u>	<u>997,440</u>
TOTAL EXPENSES	<u>4,782,305</u>	<u>431,927</u>	<u>(179,146)</u>	<u>5,035,086</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>843,496</u>	<u>(1,407)</u>	<u>-</u>	<u>842,089</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
New Hampshire Bar Foundation - IOLTA	234,063			234,063
Government grants and contracts	1,237,129			1,237,129
United Ways	48,754			48,754
Contributions - Foundations and Other	553,146			553,146
Net assets released from donor restrictions	<u>(2,092,830)</u>			<u>(2,092,830)</u>
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(19,738)</u>	<u>-</u>	<u>-</u>	<u>(19,738)</u>
CHANGE IN NET ASSETS	823,758	(1,407)	-	822,351
NET ASSETS - January 1, as restated	<u>3,248,681</u>	<u>1,000</u>	<u>-</u>	<u>3,249,681</u>
NET ASSETS - December 31	<u>\$ 4,072,439</u>	<u>\$ (407)</u>	<u>\$ -</u>	<u>\$ 4,072,032</u>