



**CHICAGO VOLUNTEER LEGAL  
SERVICES FOUNDATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
of Chicago Volunteer Legal Services Foundation

### **Opinion**

We have audited the accompanying financial statements of Chicago Volunteer Legal Services Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and the related statement of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Volunteer Legal Services Foundation as of June 30, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Chicago Volunteer Legal Services Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements of Chicago Volunteer Legal Services Foundation as of June 30, 2021 were audited by other auditors whose report dated November 5, 2021 expressed an unmodified opinion on those statements.

### **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 Chicago Volunteer Legal Services Foundation'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

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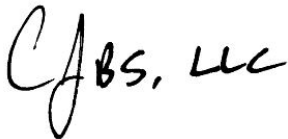
accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, 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, 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 Chicago Volunteer Legal Services Foundation'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 Chicago Volunteer Legal Services Foundation'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.

Firm's signature

A handwritten signature in black ink that reads "CABS, LLC". The letters are stylized and cursive.

Northbrook, Illinois  
January 20, 2023

**CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2022 AND 2021**

<b><u>ASSETS</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 927,193	\$ 678,382
Short-Term Investments	1,438,911	692,605
Prepaid Expenses and Other Current Assets	31,375	42,608
Total Current Assets	<u>2,397,479</u>	<u>1,413,595</u>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture, Equipment, and Leasehold Improvements	202,197	202,197
Less: Accumulated Depreciation	( 196,098)	( 192,032)
Total Property and Equipment - Net	<u>6,099</u>	<u>10,165</u>
<b>OTHER ASSETS</b>		
Long-Term Investments	<u>1,007,800</u>	<u>1,128,051</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,411,378</u></b>	<b><u>\$ 2,551,811</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 65,420	\$ 41,952
Deferred Rent	152,464	187,408
Deposit Payable	11,022	10,113
Total Current Liabilities	<u>228,906</u>	<u>239,473</u>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	<u>2,855,923</u>	<u>1,653,932</u>
With Donor Restrictions		
Perpetual in Nature	326,549	326,549
Time Restricted	-	331,857
	<u>326,549</u>	<u>658,406</u>
Total Net Assets	<u>3,182,472</u>	<u>2,312,338</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,411,378</u></b>	<b><u>\$ 2,551,811</u></b>

The accompanying notes are an integral part of these financial statements.

**CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION**

**STATEMENTS OF ACTIVITIES**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>SUPPORT, REVENUE, AND CHANGE IN INVESTMENTS</b>			
<b>Public Support</b>			
Individual Contributions	\$ 200,658	\$ -	\$ 200,658
Government Grants	1,032,842	-	1,032,842
Corporate Contributions	939,395	-	939,395
Foundation Grants	1,362,794	-	1,362,794
Law Firms	57,000	-	57,000
United Way	472	-	472
Net Assets Released from Restrictions	331,857	( 331,857)	-
<b>Total Public Support Revenue</b>	<u>3,925,018</u>	<u>( 331,857)</u>	<u>3,593,161</u>
Special Event			
Revenue and In-Kind Contributions	615,821	-	615,821
(Expenses and In-Kind Contributions)	( 340,898)	-	( 340,898)
<b>Special Event – Net</b>	<u>274,923</u>	<u>-</u>	<u>274,923</u>
<b>Total Public Support</b>	<u>4,199,941</u>	<u>( 331,857)</u>	<u>3,868,084</u>
<b>Investment Revenue and Gains</b>			
Investment Income, Net of Expenses	20,125	-	20,125
Unrealized and Realized Gains (Losses) on Investments	( 153,110)	-	( 153,110)
<b>Net Investment Revenue</b>	<u>( 132,985)</u>	<u>-</u>	<u>( 132,985)</u>
<b>Total Support, Revenue, and Change in Investments</b>	<u>4,066,956</u>	<u>( 331,857)</u>	<u>3,735,099</u>
<b>EXPENSES</b>			
Program Services	<u>2,549,548</u>	<u>-</u>	<u>2,549,548</u>
Supporting Services			
Management and General	294,929	-	294,929
Fundraising	20,488	-	20,488
<b>Total Supporting Services</b>	<u>315,417</u>	<u>-</u>	<u>315,417</u>
<b>Total Expenses</b>	<u>2,864,965</u>	<u>-</u>	<u>2,864,965</u>
<b>Change in Net Assets</b>	1,201,991	( 331,857)	870,134
<b>Net Assets, Beginning of Year</b>	<u>1,653,932</u>	<u>658,406</u>	<u>2,312,338</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,855,923</u>	<u>\$ 326,549</u>	<u>\$ 3,182,472</u>

2021		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 179,081	\$ -	\$ 179,081
613,854	-	613,854
212,531	-	212,531
1,290,579	-	1,290,579
98,260	-	98,260
474	-	474
0	-	-
<u>2,394,779</u>	<u>-</u>	<u>2,394,779</u>
83,647	128,617	212,264
( 72,631)	-	( 72,631)
<u>11,016</u>	<u>128,617</u>	<u>139,633</u>
<u>2,405,795</u>	<u>128,617</u>	<u>2,534,412</u>
33,064	-	33,064
-	-	-
172,839	-	172,839
<u>205,903</u>	<u>-</u>	<u>205,903</u>
<u>2,611,698</u>	<u>128,617</u>	<u>2,740,315</u>
<u>1,863,995</u>	<u>-</u>	<u>1,863,995</u>
297,849	-	297,849
23,999	-	23,999
<u>321,848</u>	<u>-</u>	<u>321,848</u>
<u>2,185,843</u>	<u>-</u>	<u>2,185,843</u>
425,855	128,617	554,472
<u>1,228,077</u>	<u>529,789</u>	<u>1,757,866</u>
<u>\$ 1,653,932</u>	<u>\$ 658,406</u>	<u>\$ 2,312,338</u>

The accompany notes are an integral part of these financial statements.

**CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION**

**STATEMENTS OF PROGRAM FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Programs										Supporting Services		Total Expenses	
	Financial Issues	Guardian AD Litem Minors	Clinic	Family Law	Immigration	Incarceration	Guardian AD Litem Adults	Mediation	Veterans	Interns	Total Program Services	Management and General		Fundraising
<b>EXPENSES</b>														
Salaries	\$ 482,956	\$ 211,820	\$ 44,553	\$ 227,703	\$ 124,027	\$ 183,181	\$ 79,803	\$ 202,727	\$ 66,438	\$ 16,279	\$ 1,639,487	\$ 196,478	\$ 13,762	\$ 1,849,727
Fringe Benefits and Payroll Taxes	110,079	46,992	9,763	49,862	27,260	40,682	17,791	44,610	15,032	3,558	365,629	42,590	3,002	411,221
Rent and Utilities	69,858	27,235	5,154	28,386	15,949	24,081	8,046	28,807	10,812	5,091	223,419	23,382	1,243	248,044
Telephone	8,775	3,827	793	4,114	2,226	3,294	1,439	3,661	1,198	294	29,621	3,533	247	33,401
Printing	3,101	1,414	258	1,485	836	1,232	534	1,728	422	3	11,013	1,215	83	12,311
Supplies	4,225	1,843	350	1,972	1,042	1,553	689	1,884	562	111	14,231	1,646	114	15,991
Professional Fees	7,606	3,556	675	3,735	2,133	3,129	1,353	4,407	1,062	-	27,656	3,089	214	30,959
Consulting Fees	21,759	1,752	1,752	1,752	1,752	1,752	1,752	32,737	1,752	-	66,760	1,986	344	69,090
Conferences and Travel	3,090	1,478	355	1,620	860	1,265	567	1,319	461	170	11,185	1,463	109	12,757
Postage	1,937	949	213	1,006	595	862	367	1,104	292	25	7,350	880	63	8,293
Dues, Memberships, and Publications	11,998	5,248	1,104	5,649	3,059	4,523	1,975	4,958	1,647	423	40,584	4,876	342	45,802
Equipment Rental and Maintenance	16,400	7,311	1,549	7,884	4,240	6,271	2,760	7,016	2,275	591	56,297	6,817	483	63,597
Insurance	10,875	4,698	967	5,041	2,744	4,058	1,764	4,490	1,476	349	36,462	4,320	300	41,082
Other	5,417	2,121	217	2,291	1,147	1,828	616	1,950	483	181	16,251	2,220	151	18,622
Total Expenses Before Depreciation	758,076	320,244	67,703	342,500	187,870	277,711	119,456	341,398	103,912	27,075	2,545,945	294,495	20,457	2,860,897
Depreciation	1,049	467	99	502	273	403	176	453	146	35	3,603	434	31	4,068
<b>Total Expenses</b>	<b>\$ 759,125</b>	<b>\$ 320,711</b>	<b>\$ 67,802</b>	<b>\$ 343,002</b>	<b>\$ 188,143</b>	<b>\$ 278,114</b>	<b>\$ 119,632</b>	<b>\$ 341,851</b>	<b>\$ 104,058</b>	<b>\$ 27,110</b>	<b>\$ 2,549,548</b>	<b>\$ 294,929</b>	<b>\$ 20,488</b>	<b>\$ 2,864,965</b>

The accompanying Notes are an integral part of these financial statements.



**CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION**

**STATEMENTS OF PROGRAM FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Programs										Supporting Services			Total Expenses
	Financial Issues	Guardian AD Litem Minors	Clinic	Family Law	Immigration	Incarceration	Guardian AD Litem Adults	Mediation	Veterans	Interns	Total Program Services	Management and General	Fundraising	
<b>EXPENSES</b>														
Salaries	\$ 170,410	\$ 170,697	\$ 47,143	\$ 200,742	\$ 94,252	\$ 138,158	\$ 89,491	\$ 146,864	\$ 78,831	\$ 13,800	\$ 1,150,388	\$ 194,262	\$ 15,675	\$ 1,360,325
Fringe Benefits and Payroll Taxes	38,299	39,431	11,333	45,733	21,983	32,191	20,747	33,427	18,021	3,136	264,301	43,904	3,590	311,795
Rent and Utilities	23,410	26,302	9,963	29,298	13,140	20,395	14,423	18,656	12,544	5,251	173,382	23,992	1,802	199,176
Telephone	3,293	3,322	901	3,925	1,832	2,699	1,742	2,872	1,537	257	22,380	3,803	307	26,490
Printing	2,413	2,328	747	2,695	1,298	1,853	1,208	1,864	1,117	302	15,825	2,510	190	18,525
Supplies	1,579	1,596	450	1,889	885	1,298	837	1,383	724	136	10,777	1,823	148	12,748
Professional Fees	4,625	4,672	1,140	5,499	2,548	3,792	2,456	4,092	2,199	245	31,268	5,423	443	37,134
Consulting Fees	35,551	9,257	841	841	157	578	841	14,742	841	-	63,649	58	50	63,757
Conferences and Travel	489	472	135	543	260	375	246	386	230	45	3,181	519	40	3,740
Postage	847	846	253	996	472	685	443	723	382	85	5,732	952	77	6,761
Dues, Memberships, and Publications	5,187	5,223	1,466	6,163	2,893	4,238	2,740	4,522	2,374	435	35,241	5,958	484	41,683
Equipment Rental and Maintenance	5,869	5,902	1,603	6,952	3,256	4,785	3,097	5,114	2,715	447	39,740	6,753	548	47,041
Insurance	4,838	4,865	1,341	5,740	2,687	3,947	2,550	4,188	2,251	396	32,803	5,547	446	38,796
Other	1,629	1,725	629	2,038	753	1,485	1,045	1,647	884	56	11,891	1,763	152	13,806
Total Expenses Before Depreciation	298,439	276,638	77,945	313,054	146,416	216,479	141,866	240,480	124,650	24,591	1,860,558	297,267	23,952	2,181,777
Depreciation	506	510	140	602	282	414	267	440	235	41	3,437	582	47	4,066
<b>Total Expenses</b>	<b>\$ 298,945</b>	<b>\$ 277,148</b>	<b>\$ 78,085</b>	<b>\$ 313,656</b>	<b>\$ 146,698</b>	<b>\$ 216,893</b>	<b>\$ 142,133</b>	<b>\$ 240,920</b>	<b>\$ 124,885</b>	<b>\$ 24,632</b>	<b>\$ 1,863,995</b>	<b>\$ 297,849</b>	<b>\$ 23,999</b>	<b>\$ 2,185,843</b>

The accompanying Notes are an integral part of these financial statements.

**CHICAGO VOLUNTEER LEGAL SERVICES FOUNDATION**

**STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 870,134	\$ 554,472
Adjustments to Reconcile Increase in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	4,068	4,066
Net Unrealized and Realized (Gains) Losses on Investments	153,110	( 172,839)
(Increase) Decrease in Assets:		
Prepaid Expenses and Other Assets	11,233	38,677
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	23,468	( 7,403)
Deferred Rent	( 34,944)	( 30,488)
Deposit Payable	909	4,376
	<u>1,027,978</u>	<u>390,861</u>
Net Cash Provided by (Used) in Operating Activities		
<b>INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	80,724	46,629
Purchase of Investments	( 859,891)	( 88,386)
	<u>( 779,167)</u>	<u>( 41,757)</u>
Net Cash Provided by (Used) in Investing Activities		
	248,811	349,104
Net Increase (Decrease) in Cash and Cash Equivalents		
<b>Beginning Cash and Cash Equivalents</b>	<u>678,382</u>	<u>329,278</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 927,193</u>	<u>\$ 678,382</u>

The accompanying Notes are an integral part of these financial statements.

**CHICAGO VOLUNTEER LEGAL  
SERVICES FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES**

**Organization and Nature of Activities**

Chicago Volunteer Legal Services Foundation (the “Foundation”) is organized as an Illinois not-for-profit corporation. Its purpose is to administer programs to assist in securing legal assistance and related service for persons of low income in the Chicagoland area.

The Foundation conducts the following major programs:

Family Law: Provides pro bono legal services in family law cases, including but not limited to divorce, custody, visitation, child support, adoption and minor guardianship. Accepts appointments by Domestic Relations judges as Child Representative in contested custody cases.

Guardian Ad Litem for Minors and Adults. Accepts appointments by Probate judges to serve as guardians ad litem of children in contested or problematic guardianship cases or for alleged or adjudicated adults with disabilities or as attorney for party or respondent in contested adult guardianship case.

Access to Justice: Accepts appointments by Chancery Court judges to represent low-income parties in complex Chancery Court litigation including but not limited to defense of mortgage foreclosure, administrative review cases and general Chancery litigation.

Veterans Program: Provides free pro bono legal services to eligible veterans and their spouses and dependents referred through the Illinois Armed Forces Legal Aid Network.

The Foundation’s support comes primarily from individual and corporate contributions, foundations, and law firms, as well as fundraising activities.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles (GAAP).

**CHICAGO VOLUNTEER LEGAL  
SERVICES FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – (continued)**

**Basis of Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* are available for use in general operations and not subject to donor (or certain grantor) restrictions. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

*Net Assets With Donor Restrictions* consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or Board approved spending policy.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. The Organization report 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.

The Organization reports gifts of long-lived assets as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as with donor restriction support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

**CHICAGO VOLUNTEER LEGAL  
SERVICES FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – (continued)**

**Revenue from Grants and Contracts**

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific contract or grant provisions.

Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

**Revenue from Contributions**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or another barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

**Revenue from Special Events**

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes the contribution element of special event revenue immediately unless there is a right to return if the special event does not occur. Advance registration fee and the related production expenses and refundable tent rentals for the Foundation's annual 5K run/walk special event held in September are deferred and recognized as income and expense at the time of event.

**Revenue from Donated Services and In-Kind Contributions**

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation. Donated securities at June 30, 2022 and 2021, were valued at \$10,330, and \$9,966, respectively.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization annually receives a significant amount of donated services from volunteers. Because the majority of these donated services do not meet the U.S. GAAP requirements for recognition of professional services or creation or enhancement of non-financial assets, no value has been reflected in the accompanying consolidated financial statements.

**CHICAGO VOLUNTEER LEGAL  
SERVICES FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – (continued)**

**Cash**

The Organization consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition. Cash includes petty cash and amounts deposited in the checking account and custodial account. Amounts deposited in the custodial account are required to be maintained in a separate account. In certain situations, cash held as short and long-term investments is classified as such.

**Financial Instruments and Credit Risk**

The Organization manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with high credit quality financial institutions. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds.

Because a significant portion of the Organization's assets are market investments, there is an inherent concentration of risk for associated income and loss tied to market performance. However, the Organization's Board of Directors seeks to mitigate this risk through diversification of investment portfolio, ongoing monitoring, and consultation with third-party investment professionals.

**Investments**

The Organization record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments 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 and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Accounts Receivable**

Receivables from grants and contracts are reported as accounts receivable, net in the accompanying statement of financial position. Contract liabilities are reported as deferred revenue in the accompanying statement of financial position.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – (continued)**

**Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. The amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Support from wills and estates are recognized when probate declares the will valid, and the Organization is notified of the approximate amount of the bequest. Because the beneficiary designation can be revoked at any time, such trusts and bequests associated therewith are thus conditional promises to give and are not included in the financial statements.

**Property and Equipment**

Property and equipment have been capitalized at stated cost or at the fair market value at the date of contribution. Purchases of property and equipment in excess of \$750 for the years ended June 30, 2022 and 2021, were capitalized, while lesser amounts were charged to expense. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets (5 to 8 years). Depreciation expense for the year was \$4,068 and \$4,066 for the years ended June 30, 2022 and 2021, respectively.

The Organization reports gifts of long-lived assets as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as with donor restriction support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

**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. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among various functional areas using a variety of cost allocation techniques such as square footage and time and effort.

**Tax Status**

The Foundation is not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Service Code ("IRC") and is exempt from federal and state income taxes for related income. It qualifies for a charitable contribution deduction in regard to its donors and is subject to income taxes only to the extent of unrelated business income. In addition, per letter dated March 1972, the Internal Revenue Service has determined that the Foundation is a public foundation within the meaning of Section 509(a) of the Internal Revenue Code.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –  
(continued)**

**Use of Estimates**

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

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**NOTE B – INVESTMENTS**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values, certifications of deposit are valued at the bank valuation, in the statements of financial position. Investments consisted of the following:

	<u>June 30, 2022</u>			<u>June 30, 2021</u>		
	<u>Cost</u>	<u>Market Value</u>	<u>Accumulated Unrealized Gains/ (Losses)</u>	<u>Cost</u>	<u>Market Value</u>	<u>Accumulated Unrealized Gains/ (Losses)</u>
Cash/Money Market Funds	\$ 1,438,911	\$ 1,438,911	\$ -	\$ 692,605	\$ 692,605	\$ -
Mutual Funds	850,255	1,007,800	157,545	772,634	1,128,051	355,417
	<u>\$2,289,166</u>	<u>\$2,446,711</u>	<u>\$ 157,545</u>	<u>\$1,465,239</u>	<u>\$1,820,656</u>	<u>\$ 355,417</u>

**NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization monitors its liquidity to be able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise as following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 927,192	\$ 678,382
Short-term investments	<u>1,438,911</u>	<u>692,605</u>
Total financial assets and liquidity resources		
Available within one year	<u>\$ 2,366,103</u>	<u>\$1,370,987</u>

The endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is available for general use. Donor-restricted endowment funds are not available for general expenditure. In addition to financial assets available to meet general expenditures over the year, the Organization has long term investments without donor restrictions of \$681,251 and \$801,502 as of June 30, 2022 and 2021, that could be made available if necessary.



**CHICAGO VOLUNTEER LEGAL  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE D – FAIR VALUE OF FINANCIAL INSTRUMENTS**

Effective January 1, 2008, the Foundation adopted FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820, which establishes a single definition of fair value and framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurements, and expands disclosures about fair value measurements required under other accounting pronouncements. It does not change existing guidance as to whether or not an instrument is carried at fair value.

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy is used in selecting inputs, with the highest priority given to Level 1, as these are the most transparent or reliable.

The valuation techniques required by FASB ASC 820 are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Foundation's market assumptions. These two types of inputs create the following fair value hierarchy.

- |         |  |
|---------|--|
| Level 1 | Quoted prices for identical instruments in an active market.   |
| Level 2 | Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable in active markets. |
| Level 3 | Valuations derived from valuation techniques in which one or more significant inputs are not observable or supported by little or no market activity.  |

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Mutual Funds: Valued at the closing price reported on the active market on which the individual funds are traded.

Money Market: Valued at cost plus interest earned, which approximates fair value.

The preceding approach described might produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation 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.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE D – FAIR VALUE OF FINANCIAL INSTRUMENTS – (continued)**

<u>Description</u>	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Stock Funds	\$ 496,717	\$ -	\$ -	\$ 496,717
Bond Funds	511,083			511,083
Exchange Traded Products	-	-	-	-
	<u>\$ 1,007,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,007,800</u>
Cash/Money Market Funds				<u>1,438,911</u>
Total Investments				<u>\$ 2,446,711</u>

<u>Description</u>	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Stock Funds	\$ 662,007	\$ -	\$ -	\$ 662,007
Bond Funds	466,044			466,044
Exchange Traded Products	-	-	-	-
	<u>\$ 1,128,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,128,051</u>
Cash/Money Market Funds				<u>692,605</u>
Total Investments				<u>\$ 1,820,656</u>

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE E - NET ASSETS WITH DONOR RESTRICTIONS**

The Organization report 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. Net assets with donor restrictions are restricted for the following purposes or periods as follows:

<u>June 30,</u>	<u>2022</u>	<u>2021</u>
Subject to the passage of time For periods after June 30	\$ -	\$ 331,857
Permanently Restricted Net Assets Perpetual in Nature	<u>326,549</u>	<u>326,549</u>
Total net assets with donor restrictions	<u>\$ 326,549</u>	<u>\$ 658,406</u>

See Note F for detailed information regarding Permanently Restricted Net Assets.

**NOTE F – ENDOWMENT**

The Foundation received an initial endowment (the "Endowment") in 1993 in the amount of \$200,000; and the Foundation has raised additional funds from various contributions to this endowment fund in the amount of \$126,549. The Endowment has been established by donors to provide annual funding for programs and general operations.

In August 2008, the Financial Accounting Standards Board issued Staff Position FSP FASB ASC 958, *Endowments of Not-for Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* ("FSP FASB ASC 958"). This standard provides guidance on classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the *Uniform Prudent Management of Institutional Funds Act* of 2006 ("UPMIFA") and provides other disclosures about an organization's endowment funds.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE F – ENDOWMENT (continued)**

**Description of the Governing Board's Interpretation of the Law(s) that Underlie the Organization's Net Asset Classification of Donor-Restricted Endowment Funds**

The Board of the Foundation has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the Endowment,
- 2) The purposes of the Organization and the donor-restricted Endowment,
- 3) General economic conditions,
- 4) The possible effect of inflation and deflation,
- 5) The expected total return from income and appreciation of investments,
- 6) Other resources of the Organization,
- 7) The investment policies of the Organization.

As provided by UPMIFA, its guidelines for expenditure of a donor-restricted endowment funds apply in the *absence* of overriding, explicit donor stipulations. Specific provisions of donor gift instruments will take precedence over the general default provisions of UPMIFA, and these have been specified in the first paragraph of this note.

**Description of the Foundation's Endowment Spending Policy**

The Board of the Foundation has interpreted the income and the changes in realized and unrealized value of investments as unrestricted, and available to be spent per the terms of the donor instrument gift referenced above.

**Description of the Foundation's Investment Policies**

The Endowment has been invested in cash and the investments described in Notes B and C, with the objective of maintaining its funding power over time. It relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Actual returns may vary.

**Details of the Composition of Endowment Funds at the End of the Fiscal Year**

As of June 30, 2022, and 2021, the Organization had \$326,549 of donor restricted endowment funds.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE F – ENDOWMENT (continued)**

**Reconciliation of the Beginning and Ending Balances of Endowment Funds**

	FYE June 30th	
	<u>2022</u>	<u>2021</u>
Balance at Beginning of the Year	\$ 326,549	\$ 326,549
Investment return, net	( 49,731 )	81,433
Appropriation of endowment funds	<u>49,731 )</u>	<u>( 81,433 )</u>
Balance at End of the Year	<u>\$ 326,549</u>	<u>\$ 326,549</u>

**Nature and Types of Restrictions**

Per the terms of the Endowment instrument, the original gift is held in perpetuity. Subsequent gifts are treated in the same manner.

**Information on Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Such deficiencies result from unfavorable market fluctuations and are evaluated by the Organization in accordance with principles of prudent fiscal oversight. Any accumulated losses for underwater endowments are included together with that fund in net assets with donor restrictions. There were no significant deficiencies as of June 30, 2022 and 2021.

**NOTE G– GOVERNMENT GRANT**

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act or the Act) to provide emergency assistance and health care response for individuals, families, and businesses affected by the coronavirus pandemic. Section 1102 of the Act temporarily permits Small Business Administration (SBA) to guarantee 100 percent of 7(a) loans under a new program titled the "Paycheck Protection Program." Section 1106 of the Act provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the Paycheck Protection Program (PPP). The actual amount of loan forgiveness depends, in part, on the total amount spent over the covered period that begins on the date the lender makes the first disbursement of the PPP loan to the borrower on certain expenses as defined on the Act. The Covered Period is either (1) the twenty-four week (168-day) period beginning on the PPP loan disbursement date, or (2) if the borrower received its PPP loan before June 5, 2020, the borrower may elect to use an eight-week (56-day) Covered Period.

On April 15, 2020, the Organization obtained a PPP loan totaling \$204,000 and elected the twenty-four weeks as the covered period. Subject to the PPP loan terms, the forgiven balance will reduce the loan's principal balance and the related accrued interest balance. The remaining principal and accrued interest at a 1% fixed were forgiven on November 25, 2020 subject to the retention of records for the next six years.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE H – LEASES**

The Foundation entered into a rental agreement for office space in April 2013 under a 12-year, non-cancellable operating lease, which expires November 30, 2025, with lease payments commencing in December 1, 2013. The Foundation has provided the landlord with an irrevocable letter of credit in the amount of \$160,000 expiring on November 30, 2022 and is subject to renewal at reducing amounts per the rental agreement. The Landlord fully abated the rents for January and February 2021 and the conference rent was abated for the remainder of the year 2021. The Foundation is also responsible for its share of common area maintenance costs and real estate taxes.

The landlord provided a credit for the buildout and purchase of furniture and fixtures in the amount of \$517,870. Committed future minimum lease payments are as follows.

For the Fiscal Year Ending June 30,	
2023	\$ 241,637
2024	241,637
2025	241,637
2026	150,682
	<hr/> <u>\$ 875,593</u>

The Foundation has recouped a portion of the rent liability by renting out unused office space on a month to month basis.

	<u>FYE June 30th</u>	
	<u>2022</u>	<u>2021</u>
Total Building Rent Expense under all Leases	\$ 292,865	\$ 226,806
Less Reimbursed Rents Received	<u>( 48,315)</u>	<u>( 30,509)</u>
Net Total Rental Expense	<u>\$ 244,550</u>	<u>\$ 196,297</u>

The Foundation leases certain office equipment on a month to month basis and during 2018 year entered into a new 60-month office equipment lease of \$1,305 per month. Leased expenses were \$33,745 and \$25,113 for the fiscal years ending June 30, 2022 and 2021, respectively.

Committed future minimum lease payments are as follows.

For the Fiscal Year Ending June 30,	
2022	\$ 2,610

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE I – SPECIAL EVENTS**

The Foundation sponsors a 5K run/walk and fundraisers as special events during the year to raise funds to support the Foundation's purpose of providing legal services to low-income clients. The gross receipts and related costs of these events shown below and include in-kind revenue and expenses in the amount of \$0 for 2022 and \$0 for 2021, respectively.

	<u>FYE June 30th</u>	
	<u>2022</u>	<u>2021</u>
Revenue and In-Kind Contributions	\$ 615,821	\$ 212,264
(Expenses and In-Kind Contributions)	<u>( 340,898)</u>	<u>( 72,631)</u>
Net Total	<u>\$ 274,923</u>	<u>\$ 139,633</u>

**NOTE J – DEPOSITS PAYABLE**

Deposits payable represent the Foundation's client retainers for case settlement and court costs. Deposits payable for the year ended June 30, 2022 and 2021, totaled \$11,022 and \$10,113, respectively.

**NOTE K – EMPLOYEE 403(b) PLAN**

The Foundation sponsors a defined contribution 403(b) plan for its employees. Eligible employees are responsible for their investment in the Plan and may make elective deferrals of their compensation, on a pre-tax basis, to the plan. The Foundation makes a discretionary contribution. The Foundation's contributions to the Plan for the years ended June 30, 2022 and 2021, were \$58,000 and \$41,000, respectively.

**NOTE L – SIGNIFICANT CONCENTRATIONS**

The Foundation had two donors who contributed approximately 56.9% of the total Foundation support for the fiscal year ended June 30, 2022, and two donors who contributed 42.1% for the fiscal year ended June 30, 2021.

**NOTE M – UNCERTAIN TAX POSITIONS**

The Organization follows the guidance of Accounting Standards Codification (ASC 740), *Accounting for Income Taxes*. Related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Organization for the years ended June 30, 2022 and 2021. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns. The Organization is generally no longer subject to examinations by the Internal Revenue Service for years prior to 2019.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE N – SUBSEQUENT EVENTS**

The management of the Foundation has evaluated events subsequent to the statement of financial position date of June 30, 2022, through January 20, 2023, the date the financial statements were available to be issued. It has concluded that there are no effects that provide additional evidence about conditions that existed at the statement of financial position date that require recognition in the June 30, 2022, financial statements or related note disclosures in accordance with FASB ASC No. 855, *Subsequent Events*.