

**LOS ANGELES COUNTY
BAR ASSOCIATION**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

LOS ANGELES COUNTY BAR ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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AUDIT
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees
Los Angeles County Bar Association

Report on the Consolidated Financial Statements

We have reviewed the accompanying consolidated financial statements of Los Angeles County Bar Association (a not-for-profit organization) (LACBA), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's consolidated financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

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

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

Accountant's Conclusion

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

To the Board of Trustees
Los Angeles County Bar Association

Report on Summarized Consolidated Comparative Information

We previously reviewed LACBA's December 31, 2019 consolidated financial statements and in our report dated July 10, 2020, stated that based on our procedures, we were not aware of any material modifications that should be made to the December 31, 2019 consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2019 for it to be consistent with the reviewed consolidated financial statements from which it has been derived.

Green Hasson & Janks LLP

May 10, 2021
Los Angeles, California

LOS ANGELES COUNTY BAR ASSOCIATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2020

With Summarized Totals at December 31, 2019

ASSETS	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,547,765	\$ 602,424
Investments (Note 3)	6,500,449	6,531,138
Accounts Receivable (Net)	799,302	883,078
Pledges Receivable (Net)	5,092	34,995
Prepaid Expenses and Other Assets	224,547	263,987
Property and Equipment (Net) (Note 4)	<u>493,448</u>	<u>673,855</u>
TOTAL ASSETS	<u>\$ 9,570,603</u>	<u>\$ 8,989,477</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Line of Credit (Note 5)	\$ 2,571,845	\$ 2,820,000
Accounts Payable	766,038	309,133
Deferred and Accrued Liabilities (Note 6)	2,505,062	2,183,937
Unearned Dues and Panel Fees	1,862,863	1,586,284
Paycheck Protection Program Loan (Note 7)	176,310	-
COVID-19 Economic Injury Disaster Loan (Note 8)	<u>150,000</u>	<u>-</u>
TOTAL LIABILITIES	8,032,118	6,899,354
 COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without Donor Restrictions (Note 10)	221,246	877,254
With Donor Restrictions (Note 11)	<u>1,317,239</u>	<u>1,212,869</u>
TOTAL NET ASSETS	<u>1,538,485</u>	<u>2,090,123</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,570,603</u>	<u>\$ 8,989,477</u>

See Independent Accountant's Review Report and Accompanying Notes

LOS ANGELES COUNTY BAR ASSOCIATION

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

With Summarized Totals for the Year Ended December 31, 2019

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT:				
Operational Revenue:				
Membership Dues	\$ 2,843,201	\$ -	\$ 2,843,201	\$ 3,002,818
Administrative Fees	2,220,863	-	2,220,863	2,275,607
In-Kind Contributions	1,510,223	-	1,510,223	2,940,920
Lawyer Referral and Information Service Fees	1,302,322	-	1,302,322	1,466,661
Grants	643,004	-	643,004	512,700
Meeting and Seminar Fees	475,677	-	475,677	1,260,312
Arbitration Fees	421,322	-	421,322	376,997
Advertising	389,301	-	389,301	695,990
Contributions	262,791	48,692	311,483	295,822
Registration Fees	293,442	-	293,442	295,525
Royalties	253,693	-	253,693	292,195
Tape and Book Sales	196,217	-	196,217	183,992
Consultation Fees	75,706	-	75,706	156,083
Sponsorships	62,375	-	62,375	201,744
Special Event Income (Net)	-	-	-	93,732
Cy Pres Awards	-	-	-	58,555
Total Operational Revenue:	10,950,137	48,692	10,998,829	14,109,653
Non-Operational Revenue:				
Investment Return (Net)	136,573	118,262	254,835	931,681
Other Revenue	107,596	-	107,596	86,889
Net Assets Released from Donor Restrictions	62,584	(62,584)	-	-
Total Non-Operational Revenue:	306,753	55,678	362,431	1,018,570
TOTAL REVENUE AND SUPPORT	11,256,890	104,370	11,361,260	15,128,223
EXPENSES:				
Program Services	9,857,978	-	9,857,978	13,107,212
Supporting Services:				
Management and General	1,275,940	-	1,275,940	1,262,819
Membership Development	716,365	-	716,365	838,830
Fundraising	62,615	-	62,615	49,933
TOTAL EXPENSES	11,912,898	-	11,912,898	15,258,794
CHANGE IN NET ASSETS	(656,008)	104,370	(551,638)	(130,571)
Net Assets - Beginning of Year	877,254	1,212,869	2,090,123	2,220,694
NET ASSETS - END OF YEAR	\$ 221,246	\$ 1,317,239	\$ 1,538,485	\$ 2,090,123

See Independent Accountant's Review Report and Accompanying Notes

LOS ANGELES COUNTY BAR ASSOCIATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
 Year Ended December 31, 2020
 With Summarized Totals for the Year Ended December 31, 2019

	Program Services							Supporting Services				2020 Total	2019 Total
	Lawyer Referral and Information Services	Publications	Juvenile Defender Program	Counsel for Justice Programs	Indigent Criminal Defense Program	Other Programs	Total Program Services	Management and General	Membership Development	Fundraising	Total Supporting Services		
Salaries	\$ 558,253	\$ 440,684	\$ 913,021	\$ 684,020	\$ 656,714	\$ 1,133,631	\$ 4,386,323	\$ 483,127	\$ 396,253	\$ 33,851	\$ 913,231	\$ 5,299,554	\$ 5,846,340
Payroll Taxes and Employee Benefits	153,431	67,011	186,498	151,911	134,648	278,368	971,867	120,139	99,199	11,048	230,386	1,202,253	1,311,986
TOTAL PERSONNEL COSTS	711,684	507,695	1,099,519	835,931	791,362	1,411,999	5,358,190	603,266	495,452	44,899	1,143,617	6,501,807	7,158,326
Advertising	5,258	18	27	1,500	23	31	6,857	22	14	1	37	6,894	69,435
Awards and Scholarships	-	-	-	-	-	2,828	2,828	1,058	-	-	1,058	3,886	8,767
Data Processing Services	19,250	21,176	22,752	8,528	28,699	82,024	182,429	53,443	11,401	997	65,841	248,270	345,803
Depreciation	24,038	24,927	38,987	277	29,134	97,131	214,494	73,500	17,444	1,510	92,454	306,948	418,203
Food Services	-	-	-	-	1,258	195,613	196,871	30,231	-	867	31,098	227,969	762,693
General Office Expense	32,215	31,482	61,569	9,770	47,617	171,462	354,115	141,259	21,507	2,082	164,848	518,963	726,469
In-Kind Expense	-	-	-	1,510,223	-	-	1,510,223	-	-	-	-	1,510,223	2,940,920
Insurance	15,009	6,204	12,652	37,275	133,558	15,928	220,626	7,950	6,053	113	14,116	234,742	246,973
Office Rent	124,944	119,452	100,617	85,336	118,716	503,065	1,052,130	237,395	73,776	3,311	314,482	1,366,612	1,361,466
Postage	624	38,371	1,175	851	589	9,616	51,226	3,210	1,726	2,644	7,580	58,806	48,279
Printing and Reproduction	2,576	96,553	3,540	2,457	766	28,270	134,162	4,070	1,771	817	6,658	140,820	253,693
Professional Services	19,247	66,235	31,958	19,283	23,328	140,173	300,224	90,523	73,898	1,209	165,630	465,854	455,656
Telephone and Messenger	41,271	14,976	45,835	35,480	31,998	60,852	230,412	28,314	13,082	3,658	45,054	275,466	217,609
Travel and Meetings	460	415	5,626	8,721	761	27,208	43,191	1,699	241	507	2,447	45,638	244,502
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 996,576	\$ 927,504	\$ 1,424,257	\$ 2,555,632	\$ 1,207,809	\$ 2,746,200	\$ 9,857,978	\$ 1,275,940	\$ 716,365	\$ 62,615	\$ 2,054,920	\$ 11,912,898	
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 752,791	\$ 823,020	\$ 1,061,216	\$ 3,968,671	\$ 865,441	\$ 5,636,073	\$ 13,107,212	\$ 1,262,819	\$ 838,830	\$ 49,933	\$ 2,151,582		\$ 15,258,794

See Independent Accountant's Review Report and Accompanying Notes

LOS ANGELES COUNTY BAR ASSOCIATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

With Summarized Totals for the Year Ended December 31, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (551,638)	\$ (130,571)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Realized and Unrealized Gains on Investments	(150,029)	(714,919)
Depreciation	306,948	418,203
Bad Debt Provision	29,906	6,770
(Increase) Decrease in:		
Accounts Receivable	53,870	(126,051)
Pledges Receivable	29,903	32,900
Prepaid Expenses and Other Assets	39,440	37,683
Increase (Decrease) in:		
Accounts Payable	456,905	51,919
Deferred and Accrued Liabilities	321,125	24,476
Unearned Dues and Panel Fees	276,579	(482,041)
	813,009	(881,631)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	813,009	(881,631)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(126,541)	(128,588)
Reinvested Interest and Dividends (Net)	(104,806)	(216,740)
Proceeds from Sale of Investments	285,524	196,024
	54,177	(149,304)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
	54,177	(149,304)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances from (Payments on) Line of Credit (Net)	(248,155)	350,000
Proceeds from Paycheck Protection Program Loan	176,310	-
Proceeds from COVID-19 Economic Injury Disaster Loan	150,000	-
	78,155	350,000
NET CASH PROVIDED BY FINANCING ACTIVITIES		
	78,155	350,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	945,341	(680,935)
Cash and Cash Equivalents - Beginning of Year	602,424	1,283,359
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,547,765	\$ 602,424
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	\$ 64,481	\$ 121,653

See Independent Accountant's Review Report and Accompanying Notes

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 1 - ORGANIZATION AND PURPOSE

Los Angeles County Bar Association (LACBA) was established in 1878 for the purpose of meeting the professional needs of Los Angeles lawyers, and improving the Administration of Justice. LACBA currently has more than 20,000 members and operates various programs to fulfill its mission. The corporation was established as a nonprofit organization exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The financial statements of LACBA are shown on a consolidated basis with those of LACBA Counsel for Justice (collectively, the Association). All significant inter-organization transactions and balances have been eliminated upon consolidation. A summary of LACBA's programs is as follows:

- **Lawyer Referral and Information Services.** The Lawyer Referral and Information Services is supported by fees paid by lawyers participating in the service. The service provides legal information to the public and refers clients to lawyers based upon client's needs.
- **Publications.** Publications include the activities of the Los Angeles Lawyer Magazine, forensic directories, the monthly newsletter, electronic newsletters and practice guides and e Briefs. Los Angeles Lawyer Magazine is published periodically throughout the year and is designed, among other things, to provide high quality, low cost continuing legal education to the members of the LACBA and interested non-members.
- **Independent Juvenile Defender Program.** The independent juvenile defender program provides oversight and ancillary services to private criminal defense attorneys who represent minors who present a conflict of interest to the public defender and alternate public defender. The program is funded through a contract with Los Angeles County.
- **Sections.** Sections support substantive law-related educational activities. Section members are LACBA members who pay dues to and belong to the individual sections as well as to LACBA.
- **Attorney-Client Mediation and Arbitration Services (ACMAS).** This program helps to resolve fee and non-fee disputes between clients and their attorneys without resorting to the court system or formal disciplinary State Bar procedures. Primary services are fee arbitration and mediation. The program also provides services in attorney-attorney fee disputes.
- **Indigent Criminal Defense Appointments.** The Indigent Criminal Defense Appointments project refers private attorneys for those criminal cases which the Public Defender's office or Alternate Public Defender is unable to accept. Annual registration fees are paid by the attorneys electing to participate in this project.
- **Committees.** Committees are formed to address issues affecting the law, the profession, the justice system and society. No additional dues are charged for committee membership.

See Independent Accountant's Review Report

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 1 - ORGANIZATION AND PURPOSE (continued)

LACBA Counsel for Justice. LACBA Counsel for Justice (CFJ) is a California nonprofit public benefit corporation established in 1985, to further the administration of justice and the delivery of legal services. The corporation was established as a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The following summarizes the activities of CFJ and its funding sources:

- **Immigration Legal Assistance Project.** The Immigration Legal Assistance Project is designed to provide legal assistance and advice to individuals concerning their immigration, naturalization and citizenship status. In addition to funds received from the State Bar Legal Services Trust Fund Program which administers and allocates interest accrued on funds deposited in Interest On Legal Trust Accounts (IOLTA), and a grant from the California Department of Social Services, funding is provided through CFJ's fundraising department, processing fees paid by individuals served by the Immigration Legal Assistance Project, and meeting fees charged to attorneys for immigration law courses.
- **Domestic Violence Legal Services Project.** The Domestic Violence Legal Services Project is designed to provide legal assistance and advice (from volunteer attorneys, law students and staff) to domestic violence victims and their children, enabling them to obtain Temporary Restraining Orders against their assailants. In addition to funds received from IOLTA, funding is provided through CFJ's fundraising department, and other grantors.
- **AIDS Legal Services Project.** The AIDS Legal Services Project is designed to provide legal assistance and advice through volunteer attorneys to assist people living with HIV and AIDS on a wide range of civil legal issues including discrimination, immigration, public and private benefits, testamentary issues, and debtor/creditor relations. Funding is provided by IOLTA, CFJ's fundraising department, and other grantors.
- **Veterans Legal Services Project.** The Veterans Legal Services Project is designed to provide legal assistance and advice (from volunteer attorneys, law students and staff) to assist Veterans in removing legal barriers to employment by focusing on three areas: misdemeanor expungements, self-help clearing tickets and warrants, and reinstating their California Driver License. The Veterans Legal Services Project receives funding from CFJ's fundraising department, and donations from corporations and other community stakeholders that support veterans' successful reintegration into the Los Angeles community after their military service, and other grantors.

See Independent Accountant's Review Report

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 1 - ORGANIZATION AND PURPOSE (continued)

CFJ is principally funded by charitable contributions from members of the Los Angeles County legal community and other individuals, corporations and foundations interested in advancing CFJ's mission. CFJ may also receive Cy Pres awards. Cy Pres awards originate from undistributed residual funds of a settled class action suit and are given to charitable causes, typically ones whose mission aligns with the issue involved in the original lawsuit. As this is at the discretion of the courts, future awards cannot be predicted.

LACBA incorporates in the dues statements to its members a solicitation (via a check-off box) for a voluntary contribution (with a suggested amount of \$100 per member) to CFJ. The funds collected by LACBA are remitted to CFJ. CFJ received \$89,031 of such dues-related contributions from LACBA during the year ended December 31, 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The consolidated financial statements of the Association include the accounts of LACBA and CFJ and have been prepared on the accrual basis of accounting. All significant inter-company transactions and balances have been eliminated on consolidation.

(b) NET ASSETS

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

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board of Directors (the Board) has designated, from net assets without donor restrictions, net assets for a board designated endowment fund (See Note 10).
- **Net Assets With Donor Restrictions.** Contributions restricted by donors are reported 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 consolidated statement of activities as net assets released from donor restrictions (See Note 11).

See Independent Accountant's Review Report

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are considered to be all unrestricted highly liquid investments with maturities of three months or less at the time of acquisition. The carrying value of cash and cash equivalents at December 31, 2020 approximated its fair value.

The Association maintains cash and cash equivalents in bank deposit accounts and other investment accounts which at times may exceed federally insured limits. The Association has not experienced any losses in such accounts and does not believe there to be any significant credit risk on cash and cash equivalents.

(d) INVESTMENTS

Investments in money market funds and equity and fixed income mutual funds with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Securities are generally held in custodial investment accounts administered by financial institutions.

Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the consolidated statement of activities and represent the difference between the cost and fair value of investments held at the end of the fiscal year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) ACCOUNTS RECEIVABLE

Accounts receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. The Association evaluated the collectability of accounts receivable at December 31, 2020, and an allowance for doubtful accounts of \$3,908 was deemed necessary.

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

The Association recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest are 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.

Pledges are discounted to their present value when payments are expected in future periods exceeding one year. These discounts are recorded as reductions to contribution revenue and pledges receivable and are adjusted annually. At December 31, 2020, all pledges receivable are expected to be collected within the following year, and, as a result, no discount on pledges receivable was established. The Association evaluated the collectability of pledges receivable at December 31, 2020, and an allowance of \$1,000 for uncollectible pledges receivable was deemed necessary.

A portion of the Association's revenue is derived from cost reimbursement and state and local grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Such grants are generally considered nonreciprocal transactions restricted by the awarding agencies for certain purposes. Amounts received are recognized as revenue when the Association has satisfied the specific performance requirements or incurred expenditures in compliance with specific contract or grant provisions. The Association has elected to adopt a policy whereby donor-restricted contributions, whose conditions and restrictions are met in the same reporting period, are recognized as revenue without donor restrictions. Amounts received prior to incurring qualifying expenditures or fulfilling the specific performance obligations are reported as deferred revenues in the consolidated statement of financial position. The Association had no conditional grants at December 31, 2020.

See Independent Accountant's Review Report

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or fair value at the date of donation if donated. Depreciation is provided over the estimated useful lives of the assets on a straight-line method as follows:

Computer Equipment and Software	5 - 10 Years
Furniture and Fixtures	5 - 10 Years

Leasehold improvements are amortized on a straight-line method over the term of the lease or the estimated useful life, whichever is shorter.

Expenditures for repairs and maintenance are charged to operations when incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than \$5,000 and the useful life is greater than one year.

(h) LONG-LIVED ASSETS

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated value. No such impairment losses have been recognized during the year ended December 31, 2020.

(i) DEFERRED RENT

Scheduled increases in rent and allocation of free rent are recognized on a straight-line basis over the initial lease term and those renewal periods that are reasonably assured. The difference between rent expense and rent paid is recorded as deferred rent and is included in deferred and accrued liabilities [See Notes 6 and 9(a)].

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) UNEARNED DUES AND PANEL FEES

LACBA receives a substantial portion of its support from annual dues paid by LACBA members. Dues are billed to members annually on the anniversary date of membership benefits. Dues collected for the months after the year-end are deferred and are reported in the accompanying consolidated statement of financial position as unearned dues.

Membership dues billed but not received as of December 31 are not reflected as a receivable in the consolidated financial statements because LACBA members are not legally obligated to continue their membership from year to year.

Panel fees are paid by lawyers to participate in referral services offered by LACBA (Lawyer Referral Service). Members of the public are referred to qualified attorneys based upon their particular needs for legal service and advice. Panel fees received in advance of services being rendered are deferred and reported as unearned panel fees.

(k) PAYCHECK PROTECTION PROGRAM LOAN

Management has elected to account for the forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a debt instrument and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Association has been legally released or (2) the Association repays the loan to the lender.

(l) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended December 31, 2020, CFJ received \$1,510,223 of in-kind contributions (See Note 13).

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) REVENUE FROM CONTRACTS WITH CUSTOMERS

The Association's revenues from contracts with customers are generated from membership dues, administrative fees, lawyer referral and information service fees, meetings and seminars, arbitration, advertising, registration and consultation fees, royalties, and tape and book sales. The Association recognizes revenue from these revenue streams when the respective performance obligations are satisfied.

- Membership dues and registration fees revenue are recognized over the membership and registration periods, which are generally one year. The performance obligation consists of providing members access to continuing legal education sessions, certain publications, and other information, and is recognized ratably as services are simultaneously received and consumed by the members.
- Administrative fees revenues are earned from contracts with Los Angeles County for the specific services provided by the Association to the County. The performance obligation for such contracts consist of administering and coordinating attorney services for indigent and youth indigent cases when the County does not have the capacity to assign a public attorney to such cases due to a legal conflict of interest or other lawful unavailability. The Association recognizes revenue from these contracts over time as the related services are provided.
- Revenues derived from lawyer referral and information service fees, meetings and seminars, arbitration fees, and tape and book sales are recognized as the related sessions are held or rights to related products are transferred to the buyer and are satisfied at the time of the event.
- The performance obligation for consultations consists of providing legal services to customers during a one-time session or a series of sessions. For one-time consultations, revenue is recognized during the period in which the consultation occurs, and the fee for the consultation is generally paid at the time of the session. For consultations sold as a package, revenue is recognized in proportion to the number of sessions performed over time, as the services provided do not create an asset with an alternative use to the Association, and it has an enforceable right to payment for the consultation sessions held.

See Independent Accountant's Review Report

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

- The performance obligation for royalty revenue consists of granting use of the Association's name and logo during member benefit programs and events. In addition, the Association generates revenues from placing advertisements in its magazine. Royalty and advertising revenue are recognized over the agreed period of time the royalty and advertising services are provided.

Fees for revenues with contracts with customers, which are billed and collected in advance are deferred and recognized as income in the period in which the related services are rendered.

(n) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Association's programs and other activities have been presented in the consolidated statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Association uses proportional direct costs to allocate indirect costs.

(o) ADVERTISING COSTS

Advertising costs are expensed as they are incurred. For the year ended December 31, 2020, advertising expense was \$6,088.

(p) INCOME TAXES

LACBA is qualified as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code and corresponding provisions of California law.

CFJ is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of California law.

The Association is subject to income taxes for unrelated business income, if any, realized in connection with unrelated business activities.

In accordance with the Financial Accounting Standards Board's (FASB's) Accounting Standards Codification (ASC) Topic No. 740, *Uncertainty in Income Taxes*, the Association recognizes the impact of tax positions in the consolidated financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended December 31, 2020, the Association performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

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LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

(r) COMPARATIVE TOTALS

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the consolidated financial statements of the Association for the year ended December 31, 2019, from which the summarized information was derived.

(s) RECLASSIFICATIONS

For comparability, certain December 31, 2019 amounts have been reclassified, where appropriate, to conform to the consolidated financial statement presentation used at December 31, 2020.

(t) NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the consolidated statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the consolidated financial statements. For the Association, the ASU will be effective for the year ending December 31, 2022.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For the Association, the ASU will be effective for the year ending December 31, 2022.

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) SUBSEQUENT EVENTS

The Association has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of December 31, 2020 for items that should potentially be recognized or disclosed in the consolidated financial statements. The evaluation was conducted through May 10, 2021, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as described in Note 7 and Note 9(a).

NOTE 3 - INVESTMENTS

The Association has implemented the accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The following table presents information about the Association's assets that are measured at fair value on a recurring basis at December 31, 2020 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	December 31, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 501,209	\$ 501,209	\$ -	\$ -
Mutual Funds:				
Fixed-Income	3,025,740	3,025,740	-	-
Domestic Equities	2,316,536	2,316,536	-	-
International Equities	656,964	656,964	-	-
TOTAL	\$ 6,500,449	\$ 6,500,449	\$ -	\$ -

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2020:

Computer Equipment and Software	\$ 5,684,118
Furniture and Fixtures	271,755
Leasehold Improvements	<u>452,276</u>
TOTAL	6,408,149
Less: Accumulated Depreciation	<u>(5,914,701)</u>
PROPERTY AND EQUIPMENT (NET)	<u><u>\$ 493,448</u></u>

Depreciation expense was \$306,947 for the year ended December 31, 2020.

NOTE 5 - LINE OF CREDIT

LACBA has a line of credit facility with a financial institution. The maximum available credit is dependent on the value of investments held with this financial institution. At December 31, 2020, \$2,571,845 was outstanding on the line of credit, and \$736,590 was available for borrowing. Interest is payable monthly on the outstanding balance at the financial institution's daily reference rate plus 1.75%. As of December 31, 2020, the variable interest rate being charged to LACBA was 1.92%.

NOTE 6 - DEFERRED AND ACCRUED LIABILITIES

Deferred and accrued liabilities at December 31, 2020 consist of the following:

Deferred Rent	\$ 1,010,695
Deferred Lease Incentives	258,612
Accrued Vacation	447,233
Funds Held for Los Angeles Lawyer Book Project	101,516
Accrued Expenses	602,836
Deferred Revenue	<u>84,270</u>
TOTAL DEFERRED AND ACCRUED LIABILITIES	<u><u>\$ 2,505,162</u></u>

See Independent Accountant's Review Report

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 7 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN

On April 24, 2020, CFJ received a PPP loan in the amount of \$176,310. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If Counsel for Justice does not apply for forgiveness within 10 months after the last day of the covered period (defined, at CFJ's election, as either 8 weeks or 24 weeks), such payments will be due that month. At December 31, 2020, the total outstanding balance of the PPP loan was \$176,310.

Subsequent to year-end, on May 14, 2021, CFJ received full forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period.

Subsequent to year end, on February 20, 2021, CFJ received a second draw forgivable PPP loan in the amount of \$168,225. The second draw PPP loan, administered by the SBA, bears interest at a fixed rate of 1.0% per annum, has a term of five years, is unsecured and guaranteed by the SBA and has the same other general loan terms as the first draw PPP loan.

In addition, subsequent to year end, on February 10, 2021, LACBA received a first draw forgivable PPP loan in the amount of \$856,090. The first draw PPP loan, administered by the SBA, bears interest at a fixed rate of 1.0% per annum, has a term of five years, is unsecured and guaranteed by the SBA and has the same other general loan terms as CFJ's PPP loans.

NOTE 8 - COVID-19 ECONOMIC INJURY DISASTER LOAN

On June 18, 2020, LACBA received a \$150,000 COVID-19 Economic Injury Disaster Loan (EIDL), administered by the SBA available under the provisions of the CARES Act for the purpose of meeting obligations and operating expenses that could have been met had the disaster not occurred. The EIDL carries a fixed interest rate of 2.75%. Interest accrues on the loan beginning with the initial disbursement; and monthly payments of principal and interest are due starting one year from the date of the initial disbursement through June 18, 2050.

At June 30, 2020 the total outstanding balance of the EIDL loan was \$150,000.

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 9 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

As of December 31, 2020, LACBA leased office space under an operating lease extending through March 2026. The lease agreement provided for an annual base rent of \$1,075,383 and an estimated 3% Consumer Price Index increase in subsequent lease years.

As provided in the amendment to the original agreement, LACBA received certain reimbursements relating to the move to the new facility and an additional tenant improvement allowance upon execution of the lease amendment. These amounts are recognized as a liability and amortized over the term of the lease. At December 31, 2020, deferred lease incentives of \$258,612 are included in deferred and accrued liabilities (Note 6).

The deferred rent liability of \$1,010,695 included in deferred and accrued liabilities (Note 6) at December 31, 2020 results from the allocation of free rent and rent escalations into rent expense over the life of LACBA's office facility lease. The lease provides for additional payments of real estate taxes, insurance and other operating expenses applicable to the property, generally over a base period level. Total rent expense includes such base period expenses and the additional expense payments.

Subsequent to year end, in February 2021, LACBA terminated this operating lease and entered into a settlement agreement with the lessor. In accordance with the settlement agreement, LACBA forfeited its security deposit totaling \$92,934 and agreed to pay to the lessor a total of \$2,400,000 over the course of the next 8 years. Future minimum settlement payments are as follows:

Years Ending December 31

2021	\$ 1,145,833
2022	175,000
2023	175,000
2024	175,000
2025	175,000
Thereafter	<u>554,167</u>
TOTAL	<u>\$ 2,400,000</u>

In accordance with FASB ASC 420 *Exit or Disposal Cost Obligations*, the lease termination was deemed cost to terminate a contract before the end of its term and will be recognized during the year ended December 31, 2021, the period when the contract was terminated.

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LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 9 - COMMITMENTS AND CONTINGENCIES (continued)

(a) OPERATING LEASES (continued)

Additionally, subsequent to year end, LACBA entered into a new lease agreement whereby LACBA leases office space under an operating lease extending through January 2023, with options to extend through January 2027. The lease agreement provides for an annual base rent of \$238,500 and Consumer Price Index increases in subsequent optional lease years once the option has been exercised.

Future minimum rental payments on the non-cancelable lease are as follows:

Years Ending December 31

2021	\$	225,036
2022		238,500
2023		<u>13,464</u>
TOTAL	\$	<u>477,000</u>

Office rent expense was \$1,366,612 for the year ended December 31, 2020.

(b) CONTRACTS

Certain contracts entered into by the Association are subject to inspection and audit by the corresponding governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these audits cannot be reasonably estimated and, accordingly, no provision is made in the consolidated financial statements for the possible disallowance of program costs.

(c) LITIGATION

In the ordinary course of conducting its business, the Association may, from time to time, become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against the Association which may have an impact on changes in consolidated net assets. The Association does not believe that these proceedings, individually, or in the aggregate, would have a material effect on the consolidated financial statements.

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LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of undesignated and Board designated amounts for the following purposes at December 31, 2020:

Undesignated	\$ 42,204
Board Designated General Endowment	153,500
Board Designated Stockel Fund	<u>25,542</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 221,246</u>

Investment income earned on the Stockel fund is used to provide funding for the Harriett Buhai Center for Family Law.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2020 consist of the following:

Endowment Funds Corpus (See Note 12)	\$ 965,081
Investment Earnings on Endowment Funds (See Note 12)	303,466
Domestic Violence	40,526
Immigration	<u>8,166</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,317,239</u>

Net assets released from donor-imposed purpose restrictions totaled \$62,584 for the year ended December 31, 2020, and were entirely related to the Domestic Violence program.

NOTE 12 - ENDOWMENTS

Based on donor restrictions, CFJ maintains endowment funds, whereby the principal is retained and the investment income earned is used for current operations. In the accompanying consolidated financial statements, the endowment funds have been combined and reported as net assets with donor restrictions.

LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 12 - ENDOWMENTS (continued)

The following summarizes the components of the endowment funds corpus required to be held in perpetuity at December 31, 2020:

General Endowment	\$ 787,246
Memorial and Other Funds	<u>177,835</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 965,081</u>

CFJ's endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts to provide a permanent endowment, which is to provide a permanent source of income to CFJ.

Management of CFJ understands California State law as (1) requiring the preservation of the fair market value of the original gifts as of the gift date of the donor-restricted endowment funds absent donor stipulations, and (2) allowing the spending of income and gains on endowments required to be held in perpetuity, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

Accumulated earnings as well as gains and losses related to endowment assets are classified as net assets with donor restrictions until they are either appropriated by the Board of Directors of CFJ for use in current operations, or in accordance with donor stipulations. The primary long-term financial objective for CFJ's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, annual growth percentage and costs of portfolio management. CFJ's Board of Directors determines the utilization of the endowment funds each year with reference to specific donor instructions. In accordance with California law, the original corpus (historical cost) of each endowment gift cannot be utilized.

The spending policy pertaining to the endowment base is defined as a three-year moving average of the market value of the total endowment portfolio (calculated as of the last day of the prior three fiscal years) of which CFJ may withdraw 4.7%. Recommendations for spending the amount or any adjustments must be approved by the Board of Directors of CFJ. Dividends and interest from the endowment investment account are transferred to CFJ's check-writing account as needed for administrative or overhead expenses. Any excess dividends and interest are distributed through the grants process. Contributions to the endowment received during the current fiscal year may be available for distribution through the grants process and may also be used to pay CFJ's administrative or overhead costs. If the market value of the endowment decreases substantially (10% or more) within a given year, the Board of Directors of CFJ will consider temporarily reducing or suspending the withdrawal of dividends and interest in order to preserve the value.

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LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 12 - ENDOWMENTS (continued)

Endowment Net Asset Composition by Type of Fund At December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted	\$ -	\$ 1,268,547	\$ 1,268,547
Board Designated	179,042	-	179,042
<i>ENDOWMENT NET ASSETS - DECEMBER 31, 2020</i>	<i>\$ 179,042</i>	<i>\$ 1,268,547</i>	<i>\$ 1,447,589</i>
Changes in Endowment Net Assets for the Year Ended December 31, 2020			
Endowment Net Assets - January 1, 2020	\$ 179,042	\$ 1,150,285	\$ 1,329,327
Investment Return (Net)	-	118,262	118,262
Appropriation of Endowment Assets for Expenditure	-	-	-
<i>ENDOWMENT NET ASSETS - DECEMBER 31, 2020</i>	<i>\$ 179,042</i>	<i>\$ 1,268,547</i>	<i>\$ 1,447,589</i>

NOTE 13 - IN-KIND CONTRIBUTIONS

During the year ended December 31, 2020, 3,749 hours of legal time were contributed by various attorneys to CFJ. In addition, 107 hours were contributed by paralegal professionals. The estimated fair value of these contributed services, using an average rate of approximately \$400 per hour for legal services and a rate of \$100 per hour for paralegal services is as follows:

Domestic Violence Legal Services Project	\$ 570,925
Veterans Legal Services Project	494,398
AIDS Legal Services Project	328,500
Immigration Legal Assistance Project	116,400
<i>TOTAL IN-KIND CONTRIBUTIONS</i>	<i>\$ 1,510,223</i>

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LOS ANGELES COUNTY BAR ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2020

NOTE 14 - PENSION PLANS

The Association sponsors two defined contribution pension plans, the Pension Plan and the 401(k) Plan, which cover all employees.

The Pension Plan is available to all employees who have attained the age of twenty-one and completed two consecutive years of service (as defined). The Association does not match any portion of the employee contributions. The Association has not made contributions to this plan for several years. The participants become 100% vested in their accounts as soon as they become eligible for the Pension Plan. There were no contributions to the Plan for the year ended December 31, 2020.

The 401(k) Plan is available to all employees who have attained the age of eighteen and have completed one year of service (as defined). The Association has made discretionary contributions to the 401(k) Plan equal to 2% of the compensation of the participants. The participants become 100% vested in their accounts as soon as they become eligible for the 401(k) Plan. Contributions made to the 401(k) Plan during the year ended December 31, 2020 amounted to \$97,576.

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Association's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

**FINANCIAL ASSETS AT
DECEMBER 31, 2020:**

Cash	\$ 1,504,165
Investments	5,052,860
Accounts Receivable (Net)	<u>799,302</u>

**FINANCIAL ASSETS AVAILABLE TO
MEET GENERAL EXPENDITURES
WITHIN ONE YEAR**

\$ 7,356,327

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Association's investments are held for operations and endowments and the investment portfolio consists of highly liquid investments.

The Association also has access to a line of credit with a maximum available credit dependent on the value of investments (See Note 5). In addition, the Association has certain Board designated endowment funds that could be drawn upon in the event of unanticipated liquidity needs (See Note 10).

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