

**ACCESS JUSTICE BROOKLYN, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Access Justice Brooklyn, Inc.

### Opinion

We have audited the accompanying financial statements of Access Justice Brooklyn, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year 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 Access Justice Brooklyn, Inc. as of December 31, 2023, and the changes in its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Access Justice Brooklyn, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Prior Period Financial Statements

The financial statements of Access Justice Brooklyn, Inc. as of December 31, 2022 were audited by other auditors whose report dated November 10, 2023 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 Access Justice Brooklyn, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Access Justice Brooklyn, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Access Justice Brooklyn, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*Lutz + Carr, LLP*

**ACCESS JUSTICE BROOKLYN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 339,781	\$ 451,181
New York State funding receivable	329,458	265,663
Contributions receivable	138,023	168,997
Prepaid expenses and other assets	39,647	31,565
Investments	832,867	800,111
Security deposit	31,412	31,412
Operating lease right of use asset	180,485	369,853
Property and equipment, net of accumulated depreciation	<u>61,090</u>	<u>87,957</u>
<b>Total Assets</b>	<u><u>\$1,952,763</u></u>	<u><u>\$2,206,739</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 52,816	\$ 70,815
Refundable advances	130,203	90,000
Operating lease liability	188,316	380,542
Total Liabilities	<u>371,335</u>	<u>541,357</u>
Net Assets		
Without donor restrictions	1,296,797	1,497,495
With donor restrictions	<u>284,631</u>	<u>167,887</u>
Total Net Assets	<u>1,581,428</u>	<u>1,665,382</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$1,952,763</u></u>	<u><u>\$2,206,739</u></u>

See notes to financial statements.

## ACCESS JUSTICE BROOKLYN, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Public Support:						
New York State funding	\$ 1,263,133	\$ -	\$1,263,133	\$ 1,059,437	\$ -	\$1,059,437
Contributions and grants	284,576	245,465	530,041	203,213	10,000	213,213
Donated services	2,912,964	-	2,912,964	2,541,040	-	2,541,040
Special events, net of direct costs of \$148,795 and \$171,470, respectively	280,238	-	280,238	358,371	-	358,371
Investment income (loss)	78,063	5,462	83,525	(121,743)	(6,963)	(128,706)
Other income	6,281	-	6,281	-	-	-
Net assets released from restrictions	134,183	(134,183)	-	134,650	(134,650)	-
<b>Total Revenue and Support</b>	<b>4,959,438</b>	<b>116,744</b>	<b>5,076,182</b>	<b>4,174,968</b>	<b>(131,613)</b>	<b>4,043,355</b>
Expenses						
Program	4,486,289	-	4,486,289	3,941,912	-	3,941,912
General and administrative	139,570	-	139,570	160,611	-	160,611
Fundraising	534,277	-	534,277	501,908	-	501,908
<b>Total Expenses</b>	<b>5,160,136</b>	<b>-</b>	<b>5,160,136</b>	<b>4,604,431</b>	<b>-</b>	<b>4,604,431</b>
Increase (decrease) in net assets	(200,698)	116,744	(83,954)	(429,463)	(131,613)	(561,076)
Net assets, beginning of year	1,497,495	167,887	1,665,382	1,926,958	299,500	2,226,458
<b>Net Assets, End of Year</b>	<b>\$ 1,296,797</b>	<b>\$ 284,631</b>	<b>\$1,581,428</b>	<b>\$ 1,497,495</b>	<b>\$ 167,887</b>	<b>\$1,665,382</b>

See notes to financial statements.

**ACCESS JUSTICE BROOKLYN, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>			<b>2022</b>				
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Payroll and payroll taxes	\$1,043,450	\$ 89,439	\$ 357,754	\$1,490,643	\$ 872,643	\$ 104,196	\$ 325,613	\$1,302,452
Employee benefits	102,258	8,766	35,060	146,084	88,002	10,508	32,835	131,345
Legal services (Note 10)	2,912,964	-	-	2,912,964	2,541,040	-	-	2,541,040
Christopher Slattery Award	1,000	-	-	1,000	1,000	-	-	1,000
Occupancy	151,261	12,965	51,861	216,087	141,102	16,846	52,643	210,591
Program expenses	14,018	-	-	14,018	50,636	-	-	50,636
Information technology	37,133	3,183	12,732	53,048	38,488	4,596	14,361	57,445
Office expense	36,364	3,117	12,467	51,948	44,359	5,330	16,662	66,351
Professional fees	140,418	12,035	48,144	200,597	96,194	11,487	35,894	143,575
Telephone	8,510	729	2,917	12,156	7,931	947	2,960	11,838
Recruitment and recognition	4,286	367	1,470	6,123	11,431	1,365	4,266	17,062
Insurance	6,992	599	2,397	9,988	6,556	783	2,447	9,786
Repairs and maintenance	3,074	264	1,054	4,392	3,921	468	1,463	5,852
Bad debt expense	-	6,000	-	6,000	4,400	-	-	4,400
Depreciation	24,561	2,106	8,421	35,088	34,209	4,085	12,764	51,058
<b>Total Expenses</b>	<b><u>\$4,486,289</u></b>	<b><u>\$ 139,570</u></b>	<b><u>\$ 534,277</u></b>	<b><u>\$5,160,136</u></b>	<b><u>\$3,941,912</u></b>	<b><u>\$ 160,611</u></b>	<b><u>\$ 501,908</u></b>	<b><u>\$4,604,431</u></b>

See notes to financial statements.

**ACCESS JUSTICE BROOKLYN, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (83,954)	\$(561,076)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Net realized and unrealized (gain) loss on investments	(67,296)	137,583
Depreciation	35,088	51,058
Non-cash lease expense	189,368	182,043
Bad debt expense	6,000	4,400
(Increase) decrease in:		
New York State funding receivable	(63,795)	(70,669)
Contributions receivable	24,974	24,103
Prepaid expenses and other assets	(8,082)	(4,893)
Increase (decrease) in:		
Accounts payable and accrued expenses	(17,999)	29,413
Refundable advances	40,203	63,967
Operating lease liability	<u>(192,226)</u>	<u>(178,963)</u>
Net Cash Used By Operating Activities	<u>(137,719)</u>	<u>(323,034)</u>
 <b>Cash Flows From Investing Activities</b>		
Purchase of investments	(499,087)	(565,690)
Proceeds from sale of investments	533,627	622,358
Purchase of property and equipment	<u>(8,221)</u>	<u>(15,648)</u>
Net Cash Provided By Investing Activities	<u>26,319</u>	<u>41,020</u>
 Net decrease in cash and cash equivalents	(111,400)	(282,014)
Cash and cash equivalents, beginning of year	<u>451,181</u>	<u>733,195</u>
 <b>Cash and Cash Equivalents, End of Year</b>	 <u><u>\$339,781</u></u>	 <u><u>\$ 451,181</u></u>
 <b>Supplemental Disclosure</b>		
Operating lease right-of-use asset obtained in exchange for lease liability	 <u><u>\$ -</u></u>	 <u><u>\$ 551,896</u></u>

See notes to financial statements.

**ACCESS JUSTICE BROOKLYN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note 1 - Organization and Nature of Activities**

Access Justice Brooklyn, Inc. ("Access Justice Brooklyn") was incorporated under the laws of the State of New York. The Internal Revenue Service has determined that Access Justice Brooklyn is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

Every day in Brooklyn, people with low incomes, especially in marginalized communities, face legal challenges alone. While the borough has a strong network of legal and social service organizations, there is a persistent gap between legal resources available and the need for support.

Access Justice Brooklyn partners with compassionate pro bono attorneys to provide high-quality, civil legal services that help ensure equal access to the legal system. Founded in 1990 as the Brooklyn Bar Association Volunteer Lawyers Project, Access Justice Brooklyn is an independent nonprofit organization that offers free legal advice and representation to people who cannot afford it. Through direct services, education, and outreach, the organization supports individuals in the borough while simultaneously dismantling systemic barriers to justice.

The Access Justice Brooklyn approach prioritizes the most basic, essential elements and experiences of human life, including housing, family stability, and subsistence income. In all of its programs, Access Justice Brooklyn works collaboratively to discover unmet needs among self-represented individuals to ensure an equitable administration of justice and to lessen the pressure on limited judicial resources. The proven pro bono model, recruit, train, supervise, and support, also provides flexibility to address new legal issues as they emerge.

No one should be denied access to justice due to income, disability, or identity, yet barriers to representation and affordable support complicate an already unbalanced system. Access Justice Brooklyn believes that broad, sustainable systemic change requires a holistic approach. Everyone, whether an attorney or not, has a role to play in expanding access to justice.

**Note 2 - Summary of Significant Accounting Policies**

a - Basis of presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").



**ACCESS JUSTICE BROOKLYN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note 2 - Summary of Significant Accounting Policies (continued)**

a - Basis of Presentation (continued)

Net assets, revenues, expenses, 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:

Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management's discretion. At December 31, 2023 and 2022, there were no net assets with Board designations.

With Donor Restrictions

Net assets with donor restrictions result from contributions and other inflows of assets subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled and removed by the actions pursuant to the restrictions. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, the donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

b - Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c - Cash and Cash Equivalents

Access Justice Brooklyn considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Access Justice Brooklyn maintains cash in multiple bank accounts which, at times, may exceed federally insured limits. As of December 31, 2023 and 2022, cash and cash equivalents with one financial institution exceeded Federal Deposit Insurance Corporation limits of \$250,000 per institution. As of December 31, 2023 and 2022, the total uninsured cash balance was approximately \$76,000 and \$88,000, respectively. Access Justice Brooklyn has not experienced any losses in such accounts.

**ACCESS JUSTICE BROOKLYN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note 2 - Summary of Significant Accounting Policies (continued)**

d - Contributions and Contributions Receivable

Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Promises to give are considered conditional if they contain (1) a measurable, performance-related or other barrier and (2) a right of return of assets transferred or a release of a promisor's obligation to transfer assets in the future. Conditional promises to give are not recognized until the conditions upon which they depend have been met.

Access Justice Brooklyn reports unconditional gifts of cash and other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated cash or other assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, the receipt of any contributions with donor restrictions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as increases in net assets without donor restrictions in the statement of activities.

Contributions received from members of Access Justice Brooklyn's Board of Directors totaled approximately \$119,000 and \$113,000 for the years ended December 31, 2023 and 2022, respectively. One donor accounted for approximately 25% of total contributions and grants for the year ended December 31, 2023.

Contributions receivable expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are recorded at the present value of their estimated future cash flows discounted to fair value using an appropriate interest rate applicable to the years in which the promises are received. Amortization of the discount on long-term contributions receivable is included in contribution revenue.

Access Justice Brooklyn uses the allowance method to determine uncollectible contributions receivable. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

e - Investments and Fair Value Measurements

Investments are reported at their fair values in the statements of financial position. Investment income, including realized and unrealized gains and losses on investments, is reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Dividends are recorded on the ex-dividend date and interest income is accrued as earned.

**ACCESS JUSTICE BROOKLYN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note 2 - Summary of Significant Accounting Policies (continued)**

e - Investments and Fair Value Measurements (continued)

Access Justice Brooklyn follows the accounting standards for fair value measurement and disclosures for financial assets and liabilities which clarify the definition of fair value, prescribe methods for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and expand disclosure about the use of fair value measurements. Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value:

*Common Stocks:* Valued at the unadjusted closing price reported on the active market on which the individual securities are trades.

*Fixed Income:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by Access Justice Brooklyn are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by Access Justice Brooklyn are deemed to be actively traded.

f - Property and Equipment

Property and equipment are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets. Renewals and betterments that materially extend the life of the assets are capitalized.

**ACCESS JUSTICE BROOKLYN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note 2 - Summary of Significant Accounting Policies (continued)**

g - Operating Lease Right-of-Use Asset and Operating Lease Liability

For leases with an initial term greater than twelve months, Access Justice Brooklyn's lease liability is initially recorded at the present value of the unpaid lease payments at the lease commencement date. Access Justice Brooklyn's operating lease right-of-use asset is initially recorded at the carrying amount of the lease liability adjusted for initial direct costs, prepayments and lease incentives, if any. Lease cost is recognized on a straight-line basis over the lease term.

h - Refundable Advances

Access Justice Brooklyn receives funding from multiple state assistance programs that supplement its traditional funding sources. These grants specify certain conditions to be met. Accordingly, Access Justice Brooklyn recognizes these contributions when the conditions are fulfilled. Amounts received prior to the conditions being met are recorded as refundable advances on the accompanying statement of financial position.

i - In-Kind Contributions

In-kind contributions for services or the use of equipment, materials or facilities at less than fair value are recorded at their fair value in accordance with U.S. GAAP, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Access Justice Brooklyn. In-kind contributed goods and materials are recorded at their fair value.

j - Functional Expenses

Expenses directly attributable to specific functions of Access Justice Brooklyn are reported as expense of those functional areas. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, maintenance, depreciation, telephone and office expenses, which are allocated on the basis of office space utilization estimates, information technology based on the beneficiaries of such costs, as well as salaries, payroll taxes and employee benefits, which are allocated on the basis of estimates of time and effort.

k - Subsequent Events

Access Justice Brooklyn has evaluated subsequent events through October 8, 2024, the date that the financial statements are considered available to be issued.

l - Prior Year Information

For comparability, certain 2022 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2023.

**ACCESS JUSTICE BROOKLYN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 3 - Information Regarding Liquidity and Availability**

Access Justice Brooklyn's assets as of December 31 available to meet cash needs for general expenditures within one year are as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 339,781	\$ 451,181
New York State funding receivable	329,458	265,663
Contributions receivable	138,023	168,997
Investments	<u>832,867</u>	<u>800,111</u>
Total Financial Assets	1,640,129	1,685,952
Less: Amounts not Available to be Used within One Year:		
Restricted by donors in perpetuity	(28,652)	(23,772)
Restricted by donors with purpose/time restrictions	(255,979)	(144,115)
Plus: Net assets with donor restrictions expected to be met in less than one year	<u>183,509</u>	<u>144,115</u>
Financial Assets Available to Meet General Expenditure within One Year	<u>\$1,539,007</u>	<u>\$1,662,180</u>

Access Justice Brooklyn structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. As part of its liquidity management, Access Justice Brooklyn operates within a board approved budget and relies on contributions, grants and donated services to fund its operations and program activities.

**Note 4 - Contributions Receivable**

Contributions receivable consist of the following at December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Due within one year	\$42,567	\$ 55,000	\$ 97,567
Due in one to five years	-	45,000	45,000
	<u>42,567</u>	100,000	142,567
Less: Discount to present value	-	(4,544)	(4,544)
	<u>\$42,567</u>	<u>\$ 95,456</u>	<u>\$138,023</u>

**ACCESS JUSTICE BROOKLYN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 4 - Contributions Receivable (continued)**

Contributions receivable at December 31, 2022 are without donor restrictions and due within one year.

Contributions receivable due after one year are discounted to net present value using a discount rate of 4.3%. Uncollectible contributions are expected to be insignificant.

As of December 31, 2023, approximately 65% of contributions receivable are due from one donor.

**Note 5 - Investments**

Investments consist of the following at December 31:

	<b>2023</b>			
	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Common stocks	\$399,328	\$399,328	\$ -	\$ -
Fixed income	372,508	-	372,508	-
Mutual funds - fixed income	<u>61,031</u>	<u>61,031</u>	<u>-</u>	<u>-</u>
	<b><u>\$832,867</u></b>	<b><u>\$460,359</u></b>	<b><u>\$372,508</u></b>	<b><u>\$ -</u></b>
	<b>2022</b>			
	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Common stocks	\$482,709	\$482,709	\$ -	\$ -
Fixed income	228,357	-	228,357	-
Mutual funds - fixed income	<u>89,045</u>	<u>89,045</u>	<u>-</u>	<u>-</u>
	<b><u>\$800,111</u></b>	<b><u>\$571,754</u></b>	<b><u>\$228,357</u></b>	<b><u>\$ -</u></b>

**ACCESS JUSTICE BROOKLYN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5 - Investments (continued)**

As of December 31, 2023 and 2022, no security represents more than 10% of investments. Investment income for the year ended December 31 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$24,435	\$ 18,223
Net realized gains	51,089	63,732
Net unrealized gains (losses)	16,207	(201,315)
Investment management fees	<u>(8,206)</u>	<u>(9,346)</u>
Total Investment Income (Loss)	<u>\$83,525</u>	<u>\$(128,706)</u>

**Note 6 - Property and Equipment**

Property and equipment consists of the following at December 31:

	<u>Life</u>	<u>2023</u>	<u>2022</u>
Office and computer equipment	5 years	\$125,168	\$116,948
Furniture and fixtures	7-10 years	130,032	130,032
Leasehold improvements	Lease term	<u>133,256</u>	<u>133,256</u>
		388,456	380,236
Less: accumulated depreciation		<u>(327,366)</u>	<u>(292,279)</u>
		<u>\$ 61,090</u>	<u>\$ 87,957</u>

**Note 7 - Operating Lease Liability**

Access Justice Brooklyn leases its office space in Brooklyn under a non-cancelable operating lease, expiring in November 2024. The lease requires monthly payments of rent which increase by 3% annually. The lease also requires Access Justice Brooklyn to pay escalations for real estate taxes and utilities. As of December 31, 2023, the remaining lease term is eleven months and the discount rate is 3.96%.

**ACCESS JUSTICE BROOKLYN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 7 - Operating Lease Liability (continued)**

The maturities of Access Justice Brooklyn's operating lease liability as of December 31, 2023 are as follows:

Lease payments through November 2024	\$192,081
Less: amount attributable to interest	<u>(3,765)</u>
Total Operating Lease Liability	<u>\$188,316</u>

Lease cost for the year ended December 31, 2023 was \$201,147. In June 2024, Access Justice Brooklyn signed a lease for a new office space for a term of 136 months with the option to extend for one period of five years. The lease calls for monthly rental payments ranging from \$32,106 to \$35,239 over the life of the lease. In addition, the lease requires Access Justice Brooklyn to pay escalations for real estate taxes and utilities.

**Note 8 - Net Assets With Donor Restrictions and Endowment Fund**

Net assets with donor restrictions are restricted for the following at December 31:

	<u>2023</u>	<u>2022</u>
The Christopher Slattery Endowment Fund:		
Earnings available for appropriation	\$ 10,514	\$ 10,932
Restricted in perpetuity	<u>28,652</u>	<u>23,772</u>
	39,166	34,704
Specific purposes:	15,009	123,183
Future periods	<u>230,456</u>	<u>10,000</u>
	<u>\$284,631</u>	<u>\$167,887</u>

The Christopher Slattery Endowment Fund is a memorial fund created in memory and in honor of the son of former Access Justice Brooklyn President James Slattery, who died on September 11, 2001. Investment income earned in the fund is available for an annual grant to be awarded to a young attorney who has demonstrated outstanding commitment to provide pro bono representation of the indigent. Each year, \$1,000 is paid to the recipient of the award.

The Christopher Slattery Endowment Fund is a donor-restricted endowment fund. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.



**ACCESS JUSTICE BROOKLYN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note 8 - Net Assets With Donor Restrictions and Endowment Fund (continued)**

The Board of Directors of Access Justice Brooklyn has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation of the fair value of the original gift donor-restricted gift, absent explicit donor stipulations to the contrary.

Access Justice Brooklyn classifies the principal amount of the original gift, plus cumulative unrealized gains or losses, as net assets with donor restrictions in perpetuity. Investment income from the donor-restricted endowment is classified as net assets with donor restrictions available for appropriation until those amounts are appropriated for expenditure by Access Justice Brooklyn in a manner consistent with the donor-stipulated purpose within the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, Access Justice Brooklyn considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purpose of Access Justice Brooklyn and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of Access Justice Brooklyn;
- (7) Where appropriate and circumstances would otherwise warrant, alternative to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have had on Access Justice Brooklyn; and
- (8) The investment policy of Access Justice Brooklyn

Changes in endowment net assets with donor restrictions for the year ended December 31 are as follows:

	<b>2023</b>		
	<b><u>Available for Appropriation</u></b>	<b><u>Restricted in Perpetuity</u></b>	<b><u>Total</u></b>
Endowment net assets, beginning of year	<u>\$10,932</u>	<u>\$23,772</u>	<u>\$34,704</u>
Investment Return:			
Investment income	582	-	582
Net appreciation (realized and unrealized)	<u>-</u>	<u>4,880</u>	<u>4,880</u>
Total Investment Return	<u>582</u>	<u>4,880</u>	<u>5,462</u>
Appropriation of endowment for expenditure	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
Endowment net assets, End of Year	<u>\$10,514</u>	<u>\$28,652</u>	<u>\$39,166</u>

**ACCESS JUSTICE BROOKLYN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 8 - Net Assets With Donor Restrictions and Endowment Fund (continued)**

	<b>2022</b>		
	<b><u>Available for Appropriation</u></b>	<b><u>Restricted in Perpetuity</u></b>	<b><u>Total</u></b>
Endowment net assets, beginning of year	<u>\$10,147</u>	<u>\$32,520</u>	<u>\$42,667</u>
Investment Return (Loss):			
Investment income	1,785	-	1,785
Net depreciation (realized and unrealized)	<u>-</u>	<u>(8,748)</u>	<u>(8,748)</u>
Total Investment Return (Loss)	<u>1,785</u>	<u>(8,748)</u>	<u>(6,963)</u>
Appropriation of endowment for expenditure	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
Endowment net assets, End of Year	<u>\$10,932</u>	<u>\$23,772</u>	<u>\$34,704</u>

**Note 9 - Conditional Grants**

During 2023, Access Justice Brooklyn received cost-remimbursable grants totaling approximately \$1,452,000 from various New York State agencies. As of December 31, 2023, revenue totaling approximately \$686,000 remains to be recognized under these grants as approved expenses are incurred.

**Note 10 - Donated Services**

Access Justice Brooklyn receives donated services from unpaid volunteers, which include lawyers, law students and others. For the year ended December 31, 2023 and 2022, the number of volunteer hours received totaled 5,658 and 5,524, respectively. All donated services were provided directly to clients of Access Justice Brooklyn. These donated services did not include any professional services provided directly to Access Justice Brooklyn for its corporate purposes. The value of the donated legal services was obtained from the volunteers when possible. Otherwise, the value was estimated based on similar work performed by other volunteers on behalf of Access Justice Brooklyn. Total donated services for the year ended December 31, 2023 and 2022 amounted to \$2,912,964 and \$2,541,040, respectively.

**ACCESS JUSTICE BROOKLYN, INC.**  
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**Note 11 - Employee Benefit Plan**

Access Justice Brooklyn maintains a 401(k) Profit Sharing Plan (the "Plan"), covering all employees who have completed three consecutive months of eligibility service beginning on the employee's date of hire. The Plan matches the participant's contribution up to 4% of their compensation for the plan year, as defined in the Plan. Access Justice Brooklyn made matching contributions of approximately \$42,700 and \$38,000 during the year ended December 31, 2023 and 2022, respectively.