VOLUNTEER LEGAL SERVICES PROJECT OF MONROE COUNTY, INC.

Financial Statements

March 31, 2019

(With Independent Auditors' Report Thereon)

VOLUNTEER LEGAL SERVICES PROJECT
OF MONROE COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Volunteer Legal Services Project
of Monroe County, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Volunteer Legal Services Project of Monroe County, Inc. (the Project), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Project's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volunteer Legal Services Project of Monroe County, Inc. as of March 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Volunteer Legal Services Project of Monroe County, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 10, 2019, on our consideration of the Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Project's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 10, 2019

VOLUNTEER LEGAL SERVICES PROJECT
OF MONROE COUNTY, INC.
Statement of Financial Position
March 31, 2019
with comparative totals for 2018

Assets	2019	2018
Current assets:		
Cash and equivalents	$ 308,200	344,703
Beneficial interest in assets held by Community Foundation - current reserve	32,452	34,449
Receivables:		
Grants	137,448	190,525
Other	7,500	16,667
Total receivables	144,948	207,192
Prepaid expenses	5,289	5,146
Total current assets	490,889	591,490
Certificates of deposit	206,398	205,837
Beneficial interest in assets held by Community Foundation	357,077	362,744
Equipment, at cost	23,943	23,943
Less accumulated depreciation	(23,943)	(23,943)
Net equipment	-	-
Total assets	$ 1,054,364	1,160,071

(Continued)

See accompanying notes to financial statements.

VOLUNTEER LEGAL SERVICES PROJECT
OF MONROE COUNTY, INC.
Statement of Financial Position, Continued

Liabilities and Net Assets	2019	2018
Current liabilities:		
Accounts payable and accrued expenses	$ 194,664	248,096
Deferred income	20,000	-
Due to LAS	2,260	3,234
Due to LAWNY	2,260	3,234
Due to Campaign for Justice	25,679	25,670
Total current liabilities	244,863	280,234
Net assets:		
Without donor restrictions	616,340	691,097
With donor restrictions	193,161	188,740
Total net assets	809,501	879,837
Commitments (note 8)		
Total liabilities and net assets	$ 1,054,364	1,160,071

See accompanying notes to financial statements.

VOLUNTEER LEGAL SERVICES PROJECT
OF MONROE COUNTY, INC.
Statement of Activities
Year ended March 31, 2019
with comparative totals for 2018

	Without donor restrictions								With donor restrictions	Total	
	General	City of Rochester	OCA Oversight	IOLA	Legal Services Corporation	NYS Department of Health	NYS Department of State	Total		2019	2018
Revenue:											
Donated services	$ 1,264,887	-	-	-	-	-	-	1,264,887	-	1,264,887	1,111,023
Contributions	163,940	-	-	-	-	-	-	163,940	14,541	178,481	173,645
United Way	50,000	-	-	-	-	-	-	50,000	-	50,000	50,000
Grants	8,170	19,388	353,000	192,500	-	199,542	112,296	884,896	-	884,896	931,068
Legal Services Corporation	-	-	-	-	72,185	-	-	72,185	-	72,185	72,185
Fees	2,900	-	-	-	-	-	-	2,900	-	2,900	30,435
Investment income (loss), net of fees	(20,018)	-	-	-	-	-	-	(20,018)	(96)	(20,114)	20,915
Miscellaneous	33,375	-	-	-	-	-	-	33,375	-	33,375	58,736
Net assets released from restrictions	10,024	-	-	-	-	-	-	10,024	(10,024)	-	-
Total revenue	1,513,278	19,388	353,000	192,500	72,185	199,542	112,296	2,462,189	4,421	2,466,610	2,448,007
Expenses:											
Salaries	172,488	15,890	265,270	132,771	52,190	80,910	90,434	809,953	-	809,953	816,769
Payroll taxes	13,754	1,271	21,528	10,160	3,993	6,210	6,918	63,834	-	63,834	66,839
Employee benefits	29,081	2,227	37,302	19,047	7,487	10,819	12,944	118,907	-	118,907	120,196
Donated services	1,264,887	-	-	-	-	-	-	1,264,887	-	1,264,887	1,111,023
Client litigation expense fund	2,140	-	-	-	-	-	-	2,140	-	2,140	1,139
Contracted services	42,307	-	2,639	4,000	-	90,063	-	139,009	-	139,009	141,054
Insurance	2,743	-	2,111	2,333	480	1,498	-	9,165	-	9,165	8,422
Meetings, training and conferences	9,027	-	1,060	3,267	-	65	-	13,419	-	13,419	13,420
Membership dues	4,983	-	1,540	-	-	403	-	6,926	-	6,926	7,539
Office expenses	8,238	-	5,085	555	900	2,541	2,000	19,319	-	19,319	26,312
Occupancy	1,110	-	12,050	19,067	7,135	7,033		46,395	-	46,395	48,985
Professional fees	11,874	-	640	-	-	-	-	12,514	-	12,514	13,193
Travel	10,424	-	3,775	1,300	-	-	-	15,499	-	15,499	18,248
Depreciation	-	-	-	-	-	-	-	-	-	-	407
Miscellaneous	14,979	-	-	-	-	-	-	14,979	-	14,979	21,787
Total expenses	1,588,035	19,388	353,000	192,500	72,185	199,542	112,296	2,536,946	-	2,536,946	2,415,333
Change in net assets	(74,757)	-	-	-	-	-	-	(74,757)	4,421	(70,336)	32,674
Net assets at beginning of year	691,097	-	-	-	-	-	-	691,097	188,740	879,837	847,163
Net assets at end of year	$ 616,340	-	-	-	-	-	-	616,340	193,161	809,501	879,837

See accompanying notes to financial statements.

VOLUNTEER LEGAL SERVICES PROJECT
OF MONROE COUNTY, INC.
Statement of Functional Expenses
Year ended March 31, 2019
with comparative totals for 2018

	Program services	Management and general	Total 2019	Total 2018
Salaries	$ 728,958	80,995	809,953	816,769
Payroll taxes	57,451	6,383	63,834	66,839
Employee benefits	107,016	11,891	118,907	120,196
Donated services	1,264,887	-	1,264,887	1,111,023
Client litigation expense fund	2,140	-	2,140	1,139
Contracted services	104,662	34,347	139,009	141,054
Insurance	8,248	917	9,165	8,422
Meetings, training and conferences	3,355	10,064	13,419	13,420
Membership dues	6,926	-	6,926	7,539
Office expenses	17,388	1,931	19,319	26,312
Occupancy	41,755	4,640	46,395	48,985
Professional fees	11,263	1,251	12,514	13,193
Travel	15,499	-	15,499	18,248
Depreciation	-	-	-	407
Miscellaneous	2,796	12,183	14,979	21,787
Total expenses	$ 2,372,344	164,602	2,536,946	2,415,333

See accompanying notes to financial statements.

VOLUNTEER LEGAL SERVICES PROJECT
OF MONROE COUNTY, INC.
Statement of Cash Flows
Year ended March 31, 2019
with comparative totals for 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (70,336)	32,674
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	407
Unrealized appreciation (depreciation) in fair value of investments	20,313	(20,897)
Changes in:		
Receivables	62,244	(16,482)
Prepaid expenses	(143)	(761)
Accounts payable and accrued expenses	(53,432)	112,387
Due to LAS	(974)	598
Due to LAWNY	(974)	598
Due to Campaign for Justice	9	(1,451)
Net cash provided by (used in) operating activities	(43,293)	107,073
Cash flows from investing activities:		
Increase in certificates of deposit	(561)	(678)
Change in beneficial interest in assets held by Community Foundation	7,351	(7,303)
Net cash provided by (used in) investing activities	6,790	(7,981)
Net change in cash and equivalents	(36,503)	99,092
Cash and equivalents at beginning of year	344,703	245,611
Cash and equivalents at end of year	$ 308,200	344,703
Supplemental schedules of cash flow information - disposal of fully depreciated equipment	$ -	10,714

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Volunteer Legal Services Project of Monroe County, Inc. (the Project) was created in 1981 to increase participation by private attorneys in the delivery of civil legal services to the poor in Monroe County. A small staff administers a largely volunteer effort in which private attorneys represent low income clients.

The Project began as a project of the Monroe County Bar Association (Bar Association) and was incorporated in December 1982 as a not-for-profit corporation. It is governed by an independent Board of Directors composed of attorneys and non-attorneys. The Project receives funding from Legal Assistance of Western New York (LAWNY), Interest on Lawyer Account Fund (IOLA), the United Way of Greater Rochester, New York State (NYS), private foundations, law firms and individual attorneys in Monroe County.

(b) Basis of Accounting

The financial statements of the Project have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The Project reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net asset with donor restrictions. Accordingly, net assets of the Project and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Project's Board of Directors.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Project and/or the passage of time.

(d) Estimates

The preparation 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.

(e) Cash and Equivalents

For purposes of the statement of cash flows, the Project considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(1) Summary of Significant Accounting Policies, Continued

(f) Concentrations of Credit Risk

Financial instruments that potentially subject the Project to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Although the accounts periodically exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(g) Endowment

The Project's endowment was established by donations made directly to the Project. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of explicit donor-imposed restrictions. See note 4 for endowment detail.

New York Prudent Management of Institutional Funds Act (NYPMIFA) was enacted on September 17, 2010 and removes the prohibition on appropriations below the historic dollar value of endowment funds absent explicit donor stipulations to the contrary.

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

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

(h) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

(i) Investments

Investments are stated at fair value. In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation (depreciation) is included in investment income (loss) in the accompanying statement of activities.

(1) Summary of Significant Accounting Policies, Continued

(j) Capitalization and Depreciation

Equipment is recorded at cost or fair market value at the date of the gift in the case of donated equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable equipment, the appropriate equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the accompanying statement of activities.

(k) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the accompanying statement of financial position as deferred revenue.

(l) Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Project. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net asset with donor restrictions are reclassified to net assets without donor restrictions.

(m) Donated Services

The Project values all donated legal services at estimated fair value. All donated legal services are related to the mission of the Project and considered program services in the accompanying statement of functional expenses. For the years ended March 31, 2019 and 2018, the estimated value of these services was as follows:

	Hourly rate		Hours		Amount	
	2019	2018	2019	2018	2019	2018
Attorney	$ 250	200	4,820.15	5,233.04	1,205,038	1,046,608
Paralegal	$ 100	100	455.90	562.55	45,590	56,255
Other	$ 30	30	475.30	272.00	14,259	8,160
					$ 1,264,887	1,111,023

(1) Summary of Significant Accounting Policies, Continued

(n) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on the basis of level of effort.

(o) Subsequent Events

The Project has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(p) Income Taxes

The Project is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Project has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Project presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Project has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Project are subject to examination by taxing authorities.

(q) Recent Accounting Standards Issued

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities." ASU 2016-14 contains several provisions that change the presentation of and disclosures within the financial statements of a not-for-profit entity. These changes include an updated net asset classification scheme from three classes to two classes, quantitative and qualitative disclosures regarding liquidity, and a requirement to report expenses by function, nature, and an analysis showing the relationship between function and nature and the removal of the requirement for a reconciliation for statements of cash flows done on the direct basis.

This guidance is effective for fiscal years beginning after December 15, 2017. These financial statements and notes reflect adoption of this new standard.

(r) Reclassifications

Reclassifications have been made to certain 2018 balances in order to conform them to the 2019 presentation.

(2) Liquidity

The Project has $485,600 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of $308,200 of cash, $32,452 in beneficial interest in assets held by Community Foundation and $144,948 of receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2019 statement of financial position. As discussed in note 7, the Project has a committed line of credit in the amount of $200,000 which it could draw upon in the event of an unanticipated liquidity event.

(3) Beneficial Interest in Assets Held by Community Foundation

Financial Instruments

Investments are held in the Rochester Area Community Foundation (the Foundation), a nonprofit organization that pools funds of organizations and invests in marketable securities. Each participating organization is allocated investment units based on the amounts invested. The market value of the investment units is based on the value of the individual securities held by each fund.

	2019	2018
Amounts are designated for the following purposes:		
Current reserve - Campaign for Justice -		
Sydney R. Rubin Memorial Fund	$ 32,452	34,449
Beneficial Interest in Assets Held by		
Community Foundation:		
Hanna S. Cohn Fund for the Future	99,014	98,809
Gary Amendola Endowment	14,413	15,300
Michael S. Schnittman Endowment	20,528	21,010
Paul E. Richardson Endowment	26,754	19,172
Unrestricted	196,368	208,453
	357,077	362,744
Total assets	$ 389,529	397,193

(3) Beneficial Interest in Assets Held by Community Foundation, Continued

Assets are reported at fair value based on quoted market prices. Realized and unrealized gains and losses are reported based upon the presence or absence of donor stipulation as to their use. Investment income (loss) for the years ended March 31, 2019 and 2018 is summarized as follows:

	2019	2018
Interest and dividends	$ 199	18
Unrealized appreciation in fair value of investments	(20,313)	20,897
Total investment income (loss)	$ (20,114)	20,915

Management fees of approximately $4,000 have been netted against investment income (loss) for the years ended March 31, 2019 and 2018.

Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Project uses net asset values reported by fund managers as a practical expedient to estimate the fair values of its investments held through limited partnerships and other similar funds. Classification of these investments within the fair value hierarchy is based on the Project's ability to timely redeem its interest rather than on inputs used.

(3) Beneficial Interest in Assets Held by Community Foundation, Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Project 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.

All investment units in the Foundation held by the Project are classified as level 2 investments.

The Foundation invests the funds transferred to it by the Project. Funds are invested as part of the Foundation's permanent endowment funds, subject to the same policies for investment, determination of current distribution amount, and allocation to cover the Foundation's administrative costs. Distributions shall be made in accordance with such procedures for the administration and operation of such funds of the Foundation as may be in effect from time to time.

(4) Endowments

The Project's endowments consists of funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Project has interpreted the applicable provisions of New York Not-for-Project Corporation Law to mean that the classification of appreciation on permanently restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income.

The balances of the endowments as of March 31 are as follows:

	Without donor restriction	With donor restriction	Total
2019	$ 196,368	193,161	389,529
2018	$ 208,453	188,740	397,193

(4) Endowments, Continued

Changes in endowment net assets for the years ended March 31, 2019 and 2018 and endowment net assets composition by type as of March 31, 2019 and 2018 are as follows:

	2019		
	Without donor restrictions	With donor restrictions	Total
Balance as of March 31, 2018	$ 208,453	188,740	397,193
Contributions	-	14,541	14,541
Net unrealized appreciation (depreciation) on investments	(163)	1,880	1,717
Professional fees	(2,028)	(1,976)	(4,004)
Withdrawals	(9,894)	-	(9,894)
Net assets released from restrictions	-	(10,024)	(10,024)
Balance as of March 31, 2019	$ 196,368	193,161	389,529

	2018		
	Without donor restrictions	With donor restrictions	Total
Balance as of March 31, 2017	$ 197,585	171,408	368,993
Contributions	-	6,997	6,997
Net unrealized appreciation on investments	22,639	22,096	44,735
Professional fees	(2,111)	(1,892)	(4,003)
Withdrawals	(9,660)	-	(9,660)
Net assets released from restrictions	-	(9,869)	(9,869)
Balance as of March 31, 2018	$ 208,453	188,740	397,193

	2019	2018
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by New York State Not-for-Profit Corporation Law.	$ 11,190	11,190

(5) Related Parties

Related party transactions as of and for the years ended March 31, 2019 and 2018 were as follows:

(a) The Project was affiliated with the Bar Association until December 31, 1982 when it became a separate corporation. The Executive Director and the President Elect of the Bar Association are ex-officio members of the Board of Directors of the Project. The Director of LAWNY, which provides funding for the Project, and the Director of the Legal Aid Society of Rochester (LAS), a Campaign for Justice fundraising collaborator, are also ex-officio members of the Board of Directors of the Project.

(5) Related Parties, Continued

(b) The Project, LAWNY, and LAS have agreed to participate in a fundraising project referred to as the "Campaign for Justice." During the years ended March 31, 2019 and 2018, phonathons were held, with the proceeds allocated among the organizations in accordance with the terms of the agreement. Amounts due to Campaign for Justice at March 31, 2019 and 2018 totaled $25,679 and $25,670, respectively.

(c) The Project, LAWNY, and LAS received a gift of $25,670 in the 1998 fiscal year, which is held as an investment by the Project. The gains or losses incurred by the investment are allocated equally to the related parties and the Project and the equal share of the net investment is shown as due to or from the related party. At March 31, 2019 and 2018, the Project was indebted to the related parties in the amount of $4,520 and $6,468, respectively.

(d) The Legal Services Project funds include amounts received by the Project as a subrecipient of LAWNY, a Legal Services Corporation recipient, and are used to coordinate volunteer attorneys and provide legal representation to low-income people eligible to receive Legal Services Corporation funded services in Monroe County.

(e) The Project entered into an agreement with the Bar Association, Empire Justice Center, Monroe County Legal Assistance Center, a division of LAWNY, LAS and the Foundation of Monroe County Bar. The intent of the agreement was to locate their offices at one location and to share facilities at that location for their common benefit. The agreement also states that the parties will begin a fundraising campaign, known as the Partnership for Equal Justice, to raise funds for their co-location.

(f) During the years ended March 31, 2019 and 2018, the Project shared certain expenses with LAS. In 2019 and 2018, the Project paid $15,000 to LAS for shared staffing expense.

(6) Retirement Plan

The Project has a tax deferred retirement plan for personnel who meet certain length of service requirements whereby the employee can make contributions up to $18,000 or $24,000 for participants age 50 or older. Employer contributions to the plan are determined annually by the Board of Directors. The Project's contributions to the plan amounted to $6,892 and $24,000 for the years ended March 31, 2019 and 2018, respectively.

(7) Line of Credit

The Project has a $200,000 line of credit with a bank bearing interest at the prime rate (5.50% at March 31, 2019). As of March 31, 2019 and 2018, there were no outstanding balances on this line of credit. As security on this line of credit, the Project has pledged $200,000 of certificate of deposit funds.

(8) Commitments

The Project entered into a co-location lease agreement with the Bar Association, a related party, commencing in November 2005 for an initial term of 15 years expiring in October 2020. The agreement specifies minimum rental payments and contingent payments based on increase in real estate taxes and operating expenses. The Project also leases certain office equipment under the terms of operating leases expiring through January 2022. Total expense under these agreements for the years ended March 31, 2019 and 2018 amounted to $39,564 and $39,962, respectively.

Future minimum lease payment for the three years ending after March 31, 2019 are as follows:

2020	$	38,817
2021		2,492
2022		1,248
	$	42,557

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

The Board of Directors
Volunteer Legal Services Project
of Monroe County, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Volunteer Legal Services Project of Monroe County, Inc. (the Project), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated September 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Project's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
September 10, 2019