



Family Legal Care, Inc.
(Formerly Legal Information for Families Today)

Audited Financial Statements

September 30, 2022

Independent Auditors' Report

To the Board of Directors of
Family Legal Care, Inc.
(Formerly Legal Information for Families Today)

Opinion

We have audited the accompanying financial statements of Family Legal Care, Inc. ("FLC"), which comprise the statement of financial position as of September 30, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of FLC as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 FLC 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.

Responsibilities of Management 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 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 FLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these 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 FLC'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 FLC'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.

Report on Summarized Comparative Information

We have previously audited FLC's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

January 17, 2023

FAMILY LEGAL CARE, INC.
(FORMERLY LEGAL INFORMATION FOR FAMILIES TODAY)
STATEMENT OF FINANCIAL POSITION
AT SEPTEMBER 30, 2022
(With comparative totals at September 30, 2021)

	<u>9/30/22</u>	<u>9/30/21</u>
Assets		
Cash and cash equivalents	\$1,784,452	\$1,332,070
Government grants receivable	517,410	852,084
Pledges receivable	464,390	68,000
Prepaid expenses and other assets	101,634	101,160
Security deposits	32,329	31,193
Fixed assets, net (Note 3)	<u>11,384</u>	<u>28,446</u>
 Total assets	 <u><u>\$2,911,599</u></u>	 <u><u>\$2,412,953</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$118,965	\$83,525
Refundable advances	113,827	76,013
Paycheck Protection Program loan payable (Note 4)	0	285,837
Deferred rent	<u>7,272</u>	<u>14,436</u>
Total liabilities	<u><u>240,064</u></u>	<u><u>459,811</u></u>
Net assets:		
Without donor restrictions:		
Reserve fund	350,000	350,000
Operations	<u>1,685,658</u>	<u>1,482,172</u>
Total net assets without donor restrictions	<u>2,035,658</u>	<u>1,832,172</u>
With donor restrictions (Note 5)	<u>635,877</u>	<u>120,970</u>
Total net assets	<u><u>2,671,535</u></u>	<u><u>1,953,142</u></u>
 Total liabilities and net assets	 <u><u>\$2,911,599</u></u>	 <u><u>\$2,412,953</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

FAMILY LEGAL CARE, INC.
(FORMERLY LEGAL INFORMATION FOR FAMILIES TODAY)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With comparative totals for the year ended September 30, 2021)

	Without Donor Restrictions			Total 9/30/22	Total 9/30/21
	Operations	Reserve Fund	Total Without Donor Restrictions		
Revenue and support:					
Government grants	\$1,839,675		\$1,839,675		\$1,534,360
Contributions	437,253		437,253	\$908,000	782,361
Paycheck Protection Program grant (Note 4)	285,837		285,837		229,117
In-kind contributions	201,351		201,351		278,937
Special events, net of direct expenses	725,570		725,570		659,649
Other revenue	622		622		19,260
Net assets released from restrictions (Note 5)	393,093		393,093	(393,093)	0
Total revenue and support	<u>3,883,401</u>	<u>0</u>	<u>3,883,401</u>	<u>514,907</u>	<u>3,503,684</u>
Expenses:					
Program services	<u>2,843,695</u>		<u>2,843,695</u>		<u>2,588,865</u>
Supporting services:					
Management and general	473,975		473,975		465,609
Fundraising	362,245		362,245		332,254
Total supporting services	<u>836,220</u>	<u>0</u>	<u>836,220</u>	<u>0</u>	<u>797,863</u>
Total expenses	<u>3,679,915</u>	<u>0</u>	<u>3,679,915</u>	<u>0</u>	<u>3,386,728</u>
Change in net assets	203,486		203,486	514,907	116,956
Net assets - beginning of year	<u>1,482,172</u>	<u>350,000</u>	<u>1,832,172</u>	<u>120,970</u>	<u>1,836,186</u>
Net assets - end of year	<u><u>\$1,685,658</u></u>	<u><u>\$350,000</u></u>	<u><u>\$2,035,658</u></u>	<u><u>\$635,877</u></u>	<u><u>\$1,953,142</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

FAMILY LEGAL CARE, INC.
(FORMERLY LEGAL INFORMATION FOR FAMILIES TODAY)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With comparative totals for the year ended September 30, 2021)

	Program Services									Supporting Services			Total Expenses 9/30/22	Total Expenses 9/30/21	
	Helplines	Court Programs	Outreach	Legal Resource Guides	Pro Bono Services	Advocacy	Legal Research	Digital Justice Initiative	PPE/ COVID-19/ Tech Hub	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$363,714	\$412,350	\$132,588	\$128,615	\$284,029	\$31,920	\$26,362	\$126,721	\$159,808	\$1,666,107	\$106,875	\$206,223	\$313,098	\$1,979,205	\$1,781,124
Payroll taxes and benefits	83,521	94,690	30,447	29,534	65,223	7,330	6,054	29,099	13,980	359,878	24,440	47,356	71,796	431,674	419,776
Total personnel expenses	447,235	507,040	163,035	158,149	349,252	39,250	32,416	155,820	173,788	2,025,985	131,315	253,579	384,894	2,410,879	2,200,900
Rent expense	36,713	41,622	13,383	12,982	28,670	3,222	2,661	12,791	18,986	171,030	10,788	17,961	28,749	199,779	195,058
Professional fees										0	92,375		92,375	92,375	73,325
Consultant fees	28,238	18,235	56,926	9,184	33,996	1,129	932	4,482	122,015	275,137	225,856	7,294	233,150	508,287	382,457
In-kind professional fees	40,270	40,270	40,270	40,270	40,271					201,351	0	0	0	201,351	278,937
Telephone and communications	7,244	8,212	2,641	2,562	5,657	636	525	2,524	3,183	33,184	2,127	4,107	6,234	39,418	30,647
Office expenses	4,599	5,214	1,676	13,158	1,692	404	333	1,602	7,093	35,771	1,347	2,607	3,954	39,725	25,979
Travel and meeting expenses	2,433	2,758	887	860	1,900	214	176	848		10,076	715	1,379	2,094	12,170	7,008
Dues and subscriptions	9,391	10,647	3,423	3,321	7,334	824	681	3,272		38,893	2,759	5,325	8,084	46,977	21,405
Insurance	5,103	5,785	1,860	1,804	3,985	448	370	1,778	2,242	23,375	1,601	2,893	4,494	27,869	23,215
Training and conferences	1,568	1,777	571	554	1,224	138	114	546		6,492	461	889	1,350	7,842	12,424
Equipment rental	1,012	1,148	369	358	790	89	73	353	445	4,637	297	574	871	5,508	5,508
Other expenses	654	741	238	1,163	511	57	47	228		3,639	3,331	371	3,702	7,341	5,490
Depreciation	3,411	3,867	1,243	1,206	2,664	299	247	1,188		14,125	1,003	1,934	2,937	17,062	17,744
Event expenses										0		134,263	134,263	134,263	106,631
Total expenses	587,871	647,316	286,522	245,571	477,946	46,710	38,575	185,432	327,752	2,843,695	473,975	433,176	907,151	3,750,846	3,386,728
Less: direct special event expenses netted with revenue										0		(70,931)	(70,931)	(70,931)	0
Total expenses for statement of activities	\$587,871	\$647,316	\$286,522	\$245,571	\$477,946	\$46,710	\$38,575	\$185,432	\$327,752	\$2,843,695	\$473,975	\$362,245	\$836,220	\$3,679,915	\$3,386,728

The attached notes and auditors' report are an integral part of these financial statements.

FAMILY LEGAL CARE, INC.
(FORMERLY LEGAL INFORMATION FOR FAMILIES TODAY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With comparative totals for the year ended September 30, 2021)

	<u>9/30/22</u>	<u>9/30/21</u>
Cash flows from operating activities:		
Change in net assets	\$718,393	\$116,956
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	17,062	17,744
Donated securities	0	(18,070)
Realized and unrealized loss on investments	0	253
Paycheck Protection Program loan forgiveness	(285,837)	(229,117)
Changes in assets and liabilities:		
Government grants receivable	334,674	(526,437)
Pledges receivable	(396,390)	137,052
Prepaid expenses and other assets	(474)	(12,244)
Security deposits	(1,136)	(1,790)
Accounts payable and accrued expenses	35,440	(37,497)
Refundable advances	37,814	39,135
Paycheck Protection Program loan payable	0	285,837
Deferred rent	(7,164)	(1,658)
	<u>(266,011)</u>	<u>(346,792)</u>
Total adjustments		
Net cash flows provided by/(used for) operating activities	452,382	(229,836)
Cash flows from investing activities:		
Proceeds from sale of securities	0	26,705
Net cash flows provided by investing activities	0	26,705
Net increase/(decrease) in cash and cash equivalents	452,382	(203,131)
Cash and cash equivalents - beginning of year	<u>1,332,070</u>	<u>1,535,201</u>
Cash and cash equivalents - end of year	<u><u>\$1,784,452</u></u>	<u><u>\$1,332,070</u></u>

Supplemental information:

No interest or taxes were paid.

The attached notes and auditors' report are an integral part of these financial statements.

FAMILY LEGAL CARE, INC.
(FORMERLY LEGAL INFORMATION FOR FAMILIES TODAY)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note 1 - Organization

Family Legal Care, Inc. (“FLC”)’s mission is to increase access to justice in New York State Family Court. FLC combines legal guidance, easy-to-access technology, and compassionate support to help unrepresented parents and caregivers self-advocate on critical family law issues while working on reform that improves the system for everyone.

The FLC was formerly known as Legal Information for Families Today. On June 8, 2022, the organization changed its name to Family Legal Care, Inc.

FLC.’s innovative services and programs – all available in Spanish – include the following:

- Family Law Information Helpline – Provide legal information over the phone and via chat and email to anyone with a New York State family law related question.
- Court Programs – Provide legal information on child support, custody, visitation, and other family law topics through brief question and answer engagements. Provide legal advice through limited scope consultations with clients on more in-depth issues.
- Legal Education and Community Outreach – Through community outreach, FLC provides legal education clinics and workshops on child support, custody, visitation, and other family law topics, in partnership with community-based organizations.
- Legal Resource Guides (LRGs) - FLC produces easy to understand legal resources guides and other user-friendly materials explaining family law topics.
- Pro Bono Program - FLC partners with attorneys in the private bar, from law firms and corporate legal departments, to provide advice and counsel to litigants with family law issues through their virtual program, Family Legal Connection, as well as through clinics in the court and the community.
- PPE/COVID-19 Program/Tech Hub Program – FLC developed and ran a program to help provide PPE and other legal information and resources to litigants coming to Family Court during the pandemic. FLC also set up a technology hub in its office for litigants who do not have the appropriate technology to participate in virtual hearings or access to download court documents. The Tech HUB is open for several hours each workday and is staffed by temporary employees.
- Legal Consultations – Unrepresented litigants meet with a FLC staff attorney to receive vital support in preparing a case.
- Advocacy – Seeks to enhance access to justice for children and families by promoting system-wide reform. FLC actively serves on numerous committees at the City and State levels, provides testimony, and engages stakeholders to represents pro se litigants’ interests.

- Legal Research- Streamlines the legal sources available to staff and provided to litigants. Through this work, FLC stays current with any and all changes in the law and research nuances topics that impact FLC's work.
- Digital Justice Initiative – Utilizes technology to create innovative and accessible digital tools to address the gaps in the Family Court's online resources. Digital Justice tools include the Family Law Navigator (providing a tailored family information report), Guided Court Forms (DIY forms for filing in court) and Tech Hubs in Brooklyn and Queens (private tech ready space for court prep and virtual appearances).

Note 2 - Summary of Significant Accounting Policies

- a. Basis of Accounting
The financial statements of FLC have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.
- b. Basis of Presentation
FLC reports information regarding their financial position and activities according to the following classes of net assets:
 - *Net Assets Without Donor Restrictions* – represents all activity without donor-imposed restrictions. The Board of Directors has established a board designated reserve fund which is intended to fund future operations.
 - *Net Assets With Donor Restrictions* – relates to contributions of cash and other assets with donor stipulations that make clear the assets' restriction, either due to a program nature or by the passage of time.
- c. Cash and Cash Equivalents
FLC considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.
- d. Revenue Recognition
FLC follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions. Contributions are recorded at the time they become unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met. At September 30, 2022, FLC had one conditional pledge totaling \$87,000. This grant will be recognized as income in the period that the conditions have been satisfied, which is based on meeting matching requirements.

Government grants received by FLC are conditional, non-exchange transactions and fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

All receivables are due within one year. Management assesses the collectability of all outstanding receivables based upon historical trends and experience with donors. Based on that review, management has concluded that all receivables are collectible. As such, no allowance for uncollectible accounts was deemed necessary.

e. Concentration of Credit Risk

Financial instruments that potentially subject FLC to concentration of credit risk consist of cash accounts with financial institutions. At year end and at various times during the year, FLC had material balances that were not insured; however, no losses have been experienced due to the failure of any of these institutions; however, management deems such financial institutions to be creditworthy and monitors this risk on a regular basis.

f. Fixed Assets

Property and equipment that exceed predetermined thresholds and have a useful life greater than one year are capitalized at cost or at their fair value if donated. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of three to ten years.

g. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line method. In the earlier years of the lease, as rent expense exceeds amounts paid, a deferred rent liability is created. In later years of the lease, as payments exceed the amount of expense recognized, deferred rent will be reduced until it is zero at the end of the lease.

h. In-kind Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided in-kind.

FLC received in-kind legal services totaling \$201,351, and \$278,937 during the years ended September 30, 2022 and 2021, respectfully. Donated legal services were provided to participants of the organizations various programs and therefor have been included in program services on the statement of functional expenses. Such legal services are valued at the standard hourly rates charged for those services.

i. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

j. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following costs were allocated based on time and effort:

- Salaries
- Payroll taxes and benefits
- Rent expense
- Consultant fees
- Telephone and communications
- Office expenses
- Travel and meeting expenses
- Dues and subscriptions
- Insurance
- Training and conferences
- Equipment rental
- Other expenses
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

k. Income Tax Status

FLC has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

l. Accounting for Uncertainty of Income Taxes

FLC does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending September 30, 2019 and later are subject to examination by applicable taxing authorities.

m. Prior Year Comparative Information

The 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 FLC's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

n. New Accounting Pronouncements

FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*. The ASU which becomes effective for the September 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position. FLC is in the process of evaluating the impact this standard will have on future financial statements.

Note 3 - Fixed Assets

Fixed assets consist of the following:

	<u>9/30/22</u>	<u>9/30/21</u>
Equipment (3 years)	\$182,054	\$182,054
Furniture and fixtures (5 years)	34,926	34,926
Leasehold improvements (life of lease)	19,910	19,910
Software (3 years)	<u>6,010</u>	<u>6,010</u>
	242,900	242,900
Less: accumulated depreciation	<u>(231,516)</u>	<u>(214,454)</u>
Total fixed assets, net	<u>\$11,384</u>	<u>\$28,446</u>

Note 4 - Paycheck Protection Program Loan

During the year ended September 30, 2020, FLC obtained a loan from the Small Business Administration ("SBA") in the amount of \$229,117 through the Paycheck Protection Program. ("PPP") FLC treated this loan consistent with ASC 958-605, as it is considered to have traits similar to a conditional contribution. As all conditions of the loan had been satisfied as of September 30, 2021, the loan was recognized as revenue on the statement of activities during the year then ended. The loan was formally forgiven by the SBA on May 14, 2021

During the year ended September 30, 2021, FLC obtained a second loan from the PPP loan in the amount of \$285,837. As all conditions of the loan had been satisfied as of September 30, 2022, the loan was recognized as revenue on the statement of activities. The loan was formally forgiven by the SBA on June 7, 2022.

Note 5 - Net Assets with Donor Restrictions

Donor restricted net assets consist of the following:

	<u>September 30, 2022</u>			
	<u>Balance</u>	<u>Contributions</u>	<u>Released</u>	<u>Balance</u>
	<u>10/1/21</u>		<u>from</u>	<u>9/30/22</u>
			<u>Restrictions</u>	
Program restrictions:				
Digital Tool	\$0	\$200,000	(\$17,762)	\$182,238
Family Court Project	0	135,000	(0)	135,000
Pro Bono Program	0	10,000	(0)	10,000
PPE/COVID-19	6,048	0	(6,048)	0
Tech Hub	67,442	413,000	(321,803)	158,639
Equipment	<u>2,480</u>	<u>0</u>	<u>(2,480)</u>	<u>0</u>
Total program	75,970	758,000	(348,093)	485,877
Time restrictions	<u>45,000</u>	<u>150,000</u>	<u>(45,000)</u>	<u>150,000</u>
Total	<u>\$120,970</u>	<u>\$908,000</u>	<u>(\$393,093)</u>	<u>\$635,877</u>

	<u>September 30, 2021</u>			
	<u>Balance</u>	<u>Contributions</u>	<u>Released</u>	<u>Balance</u>
	<u>10/1/20</u>		<u>from</u>	<u>9/30/21</u>
			<u>Restrictions</u>	
Program restrictions:				
Family Legal Center	\$25,000	\$0	(\$25,000)	\$0
PPE/COVID-19	27,970	250,000	(271,922)	6,048
Tech Hub	0	98,810	(31,368)	67,442
Equipment	<u>7,000</u>	<u>0</u>	<u>(4,520)</u>	<u>2,480</u>
Total program	59,970	348,810	(332,810)	75,970
Time restrictions	<u>125,000</u>	<u>45,000</u>	<u>(125,000)</u>	<u>45,000</u>
Total	<u>\$184,970</u>	<u>\$393,810</u>	<u>(\$457,810)</u>	<u>\$120,970</u>

Note 6 - Retirement Plan

FLC maintains a Safe Harbor 403(b) Thrift Plan where eligible employees can contribute pre-tax or post-tax dollars up to statutory limits. All employees are eligible to participate on the entry date immediately following their date of hire. The employer matches the lesser of 100% of each participating employee's salary reduction amount contributed during the plan year or 5% of each participating employee's annual salary. Total contributions were \$56,289 and \$48,237 for the years ended September 30, 2022 and 2021, respectively.

Note 7 - ContingenciesOffice Space

FLC has a lease agreement for office space through May 31, 2023 with an option to renew for an additional 5 years. The future estimated minimum lease payments are as follows:

Year ending:	September 30, 2023	<u>\$128,516</u>
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Government Grants

Government grants are subject to audit by the grantor and other oversight agencies. Management is of the opinion that any potential disallowances that may result from an audit will not be material and has not set aside a reserve for this. Any future disallowances will be recorded when they become known, and the amount is probable that it will be paid.

Note 8 - Availability and Liquidity

Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$1,784,452	
Government grants receivable	517,410	
Pledges receivable	<u>464,390</u>	
Total financial assets		\$2,766,252
Less amounts not available for general expenditures:		
Board designated reserve fund	(350,000)	
Net assets with donor restrictions	<u>(635,877)</u>	
Total unavailable for general expenditures		<u>(985,877)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$1,780,375</u>

As part of its liquidity management plan, FLC operates its programs within a board approved budget and relies on government grants, contributions, and special events to fund its operations and program activities. Additionally, FLC maintains a board designated operating reserve fund intended to fund future operations and to enable the organization to sustain operations through delays in payments of committed funding, manage cash flow and maintain financial flexibility. FLC intends to fund an additional \$50,000 each year until the total reaches \$750,000. Spending from the reserve will be based on approval by first the executive committee and then the full board of directors.

Note 9 - Subsequent Events

Subsequent events have been evaluated through January 17, 2023, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.

Note 10 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which FLC operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been FLC, however supply chains remain impacted. Management continues to monitor the outbreak, however as of the date of these financial statements, the potential impact cannot be quantified.