

BENEFITS LAW CENTER

FINANCIAL STATEMENTS

With Independent Accountant's Review Report

YEARS ENDED DECEMBER 31, 2022 AND 2021

BENEFITS LAW CENTER

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Benefits Law Center
Seattle, Washington

We have reviewed the accompanying statement of financial position of Benefits Law Center (a nonprofit corporation), as of December 31, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

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

Accountant's Conclusion

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

Other Matter - Prior Period Financial Statements

The financial statements of Benefits Law Center as of and for the year ended December 31, 2021, were reviewed by Jones & Associates PLLC, whose partners and professional staff joined Jacobson Jarvis & Co PLLC as of September 1, 2022, and has subsequently ceased operations. In their report dated June 23, 2022, Jones & Associates expressed it was not aware of any material modifications that should be made to those financial statements.



Jacobson Jarvis & Co, PLLC
Seattle, Washington
August 8, 2023

BENEFITS LAW CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 701,808	\$ 795,463
Government contracts receivable	45,043	51,696
Contributions and grants receivable, current	466,821	502,345
Prepays and deposits	<u>17,254</u>	<u>2,200</u>
Total Current Assets	1,230,926	1,351,704
Board-designated operating reserve	17,242	17,234
Contributions and grants receivable, net of current portion	150,000	492,000
Operating lease right of use assets	451,628	-
Property and equipment, net	<u>16,888</u>	<u>26,966</u>
	<u>\$ 1,866,684</u>	<u>\$ 1,887,904</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities		
Accounts payable and accrued expenses	\$ 6,376	\$ 10,038
Operating lease liabilities, current	60,987	-
Accrued payroll and related liabilities	<u>29,899</u>	<u>25,836</u>
Total Current Liabilities	<u>97,262</u>	<u>35,874</u>
Operating lease liabilities	<u>394,453</u>	<u>-</u>
Total Liabilities	491,715	35,874
Net Assets		
Without donor restriction	872,624	857,685
With donor restriction	<u>502,345</u>	<u>994,345</u>
Total Net Assets	<u>1,374,969</u>	<u>1,852,030</u>
	<u>\$ 1,866,684</u>	<u>\$ 1,887,904</u>

See accompanying notes
and independent accountant's review report.

BENEFITS LAW CENTER

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Public Support and Revenue			
Contributions and grants	\$ 307,660	\$ -	\$ 307,660
Government grants	189,372	-	189,372
Professional fees	86,282	-	86,282
Interest and other income	<u>2,923</u>	<u>-</u>	<u>2,923</u>
	586,237	-	586,237
Net Assets Released from Restrictions			
Satisfaction of purpose restriction	-	-	-
Satisfaction of time restriction	<u>492,000</u>	<u>(492,000)</u>	<u>-</u>
	492,000	(492,000)	-
Total public support and revenue	<u>1,078,237</u>	<u>(492,000)</u>	<u>586,237</u>
Expenses			
Program services	686,032		686,032
Management and general	177,097		177,097
Fundraising	<u>200,169</u>		<u>200,169</u>
Total Expenses	<u>1,063,298</u>		<u>1,063,298</u>
Change in Net Assets	14,939	(492,000)	(477,061)
Net Assets - Beginning of Year	<u>857,685</u>	<u>994,345</u>	<u>1,852,030</u>
Net Asset - End of Year	<u>\$ 872,624</u>	<u>\$ 502,345</u>	<u>\$ 1,374,969</u>

See accompanying notes
and independent accountant's review report.

BENEFITS LAW CENTER

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Public Support and Revenue			
Contributions and grants	\$ 234,809	\$ 994,345	\$ 1,229,154
Government grants	191,454	-	191,454
Professional fees	125,078	-	125,078
Interest and other income	<u>111,766</u>	<u>-</u>	<u>111,766</u>
	663,107	994,345	1,657,452
Net Assets Released from Restrictions			
Satisfaction of purpose restriction	20,000	(20,000)	-
Satisfaction of time restriction	<u>489,500</u>	<u>(489,500)</u>	<u>-</u>
	<u>509,500</u>	<u>(509,500)</u>	<u>-</u>
Total public support and revenue	<u>1,172,607</u>	<u>484,845</u>	<u>1,657,452</u>
Expenses			
Program services	690,293		690,293
Management and general	111,721		111,721
Fundraising	<u>133,444</u>		<u>133,444</u>
Total Expenses	<u>935,458</u>		<u>935,458</u>
Change in Net Assets	237,149	484,845	721,994
Net Assets - Beginning of Year	<u>620,536</u>	<u>509,500</u>	<u>1,130,036</u>
Net Asset - End of Year	<u>\$ 857,685</u>	<u>\$ 994,345</u>	<u>\$ 1,852,030</u>

See accompanying notes
and independent accountant's review report.

BENEFITS LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services			Support Services		
	SSAP	DHAP	Total	Management and General	Fundraising	Total
Salary	\$140,002	\$326,671	\$466,673	\$ 90,775	\$113,903	671,351
Payroll taxes and benefits	27,698	64,630	92,328	14,064	19,869	126,261
Occupancy	27,555	57,152	84,707	4,082	13,268	102,057
Professional fees	968	2,259	3,227	56,014	-	59,241
Special events	-	-	-	-	47,460	47,460
Communication	3,031	6,287	9,318	449	1,459	11,226
Equipment	2,776	5,759	8,535	489	1,337	10,361
Depreciation	-	-	-	10,078	-	10,078
Insurance	1,769	3,668	5,437	262	852	6,551
Taxes, fees and licenses	1,327	2,753	4,080	197	639	4,916
Advertising and promotion	1,274	2,642	3,916	189	613	4,718
Office	1,196	2,481	3,677	177	576	4,430
Travel	454	1,059	1,513	265	12	1,790
Printing and postage	377	781	1,158	56	181	1,395
SSA Direct Deposit fees	220	514	734	-	-	734
Continuing education	130	304	434	-	-	434
Litigation	89	206	295	-	-	295
Total Expenses	<u>\$208,866</u>	<u>\$477,166</u>	<u>\$686,032</u>	<u>\$177,097</u>	<u>\$200,169</u>	<u>\$1,063,298</u>

See accompanying notes
and independent accountant's review report.

BENEFITS LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services			Support Services		
	SSAP	DHAP	Total	Management and General	Fundraising	Total
Salary	\$352,880	\$158,540	\$511,420	\$ 55,723	\$ 69,492	636,635
Payroll taxes and benefits	37,127	16,680	53,807	9,199	7,460	70,466
Occupancy	50,332	22,703	73,035	3,572	12,504	89,111
Professional fees	-	-	-	25,880	6,649	32,529
Communication	16,102	6,992	23,094	2,262	4,023	29,379
Special events	-	-	-	-	26,737	26,737
Depreciation	-	-	-	10,078	-	10,078
Equipment	4,851	2,180	7,031	1,584	1,288	9,903
Taxes, fees and licenses	5,518	2,479	7,997	745	825	9,567
Insurance	4,281	1,924	6,205	303	1,059	7,567
Miscellaneous	752	257	1,009	1,837	1,570	4,416
Printing and postage	920	414	1,334	301	1,616	3,251
SSA Direct Deposit fees	1,909	925	2,834	-	-	2,834
Office	690	310	1,000	226	183	1,409
Continuing education	898	404	1,302	-	-	1,302
Travel	155	70	225	11	38	274
Total Expenses	<u>\$476,415</u>	<u>\$213,878</u>	<u>\$690,293</u>	<u>\$111,721</u>	<u>\$133,444</u>	<u>\$ 935,458</u>

See accompanying notes
and independent accountant's review report.

BENEFITS LAW CENTER

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash received from contributions, grants, fees and contracts	\$ 967,491	\$ 1,005,616
Cash received from interest and other income	2,923	111,766
Cash paid to employees and vendors	<u>(1,064,061)</u>	<u>(909,818)</u>
Net Cash Provided by Operating Activities	<u>(93,647)</u>	<u>207,564</u>
Changes in Cash and Cash Equivalents	(93,647)	207,564
Cash, Cash Equivalents and Restricted Cash		
Beginning of year	<u>812,697</u>	<u>605,133</u>
End of year	<u>\$ 719,050</u>	<u>\$ 812,697</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	\$ 701,808	\$ 795,463
Board-designated operating reserve	<u>17,242</u>	<u>17,234</u>
Cash, Cash Equivalents and Restricted Cash	<u>\$ 719,050</u>	<u>\$ 812,697</u>

See accompanying notes
and independent accountant's review report.

BENEFITS LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The mission of Benefits Law Center (the Center) is to provide accessible legal advocacy to people with physical and mental disabilities so that they may obtain the resources necessary to gain financial and medical stability. The Center realizes this mission by providing accessible legal advocacy and driving systemic change.

The Center provides information, advocacy and legal representation to underserved, low-income individuals with disabilities in matters related to their eligibility for Social Security disability and SSI benefits, while working to identify and address systemic barriers through engagement with relevant government agencies. The Center's outreach and advocacy specifically targets the homeless and those who are unable to obtain representation through the private bar. The Center has two programs to support its mission: Social Security Advocacy Project (SSAP) and Disabled Homeless Advocacy Project (DHAP). Support and revenue is composed primarily of contributions and attorney fees.

Basis of presentation

The financial statements of the Center have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated an operating reserve from net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets with time restrictions were \$502,345 and \$994,345, respectively, at December 31, 2022 and 2021. The Center had no perpetually restricted net assets at December 31, 2022 and 2021.

Adoption of accounting principle

On January 1, 2022, the Center adopted ASU 2016-02, *Leases (Topic 842)*, using the modified retrospective method. This standard requires lessees to recognize a right of use asset and a lease liability for material lease arrangements.

BENEFITS LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash and cash equivalents

For purposes of the statements of cash flows, the Center considers all bank accounts and unrestricted highly-liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Deposits with a single financial institution occasionally exceed federally insured limits, which subjects to the Center to a concentration of deposit risk. The Center has not experienced losses due to this concentration.

Government contracts receivable

Government contracts receivable consist of amounts due from clients and from government agencies, and is stated at the amount management expects to collect from the outstanding balance due. It is the Center's policy to charge-off open balances when management determines the receivable will not be collected. No allowance for uncollectable accounts has been established by management based on the Center's historical experience in the collection of balances due.

Contributions and grants receivable

Contributions and grants receivable are recognized in the period the donation or award is received and consist of amounts due from individuals and foundations. It is the Center's policy to charge-off open balances when management determines the receivable will not be collected. No allowance for uncollectable accounts has been established by management based on the Center's historical experience in the collection of balances due.

Board-designated operating reserve

The Board of Directors of the Center has established an operating reserve to cover sudden, unexpected expenses or to build long-term capacity. After expenditure, replenishment of the reserve is required within a reasonably short period of time. The target minimum balance of the reserve is equal to three months of average operating costs. The reserve is held in a savings account.

BENEFITS LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Purchased property and equipment is carried at cost. Property and equipment is capitalized if the value is \$1,000 or more and has a useful life of greater than one year. Depreciation is computed using the straight-line method over a period of three to ten years.

Donated property and equipment are carried at the approximate fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

Lease arrangements

The Center has an operating lease for office space. The Center determines whether an arrangement is a lease at inception of the agreement. Assets held under operating leases are included in operating lease right of use assets and related operating lease liabilities on the statements of financial position.

Right of use assets represents the Center's right to use the underlying assets for the lease term. Operating lease right of use assets and related liabilities are recognized at commencement date based on the net present value of lease payments over the lease term, discounted using an appropriate incremental borrowing rate. As the Center's leases do not provide an implicit rate, the Center uses the risk-free rate applicable to a similar lease term at the commencement date in determining the present value of the lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Support and revenue recognition

Contributions and grants (including proceeds from special events) are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of donor or grantor restrictions. When a restriction expires, that is, when a purpose restriction is satisfied or a time restriction ends, 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. For conditional contributions and grants with donor restrictions, the Center recognizes restricted conditional contributions as net assets without donor restrictions if the restrictions have been met in the same year.

BENEFITS LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues from government contracts are recognized when the qualified expense is incurred and are subject to audit and retroactive adjustment made by the funding agencies. The adjustments would be recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. There were no adjustments resulting from government audits during 2022 and 2021.

Professional fees are recorded when received from the Social Security Administration upon successful completion of the client case, in an amount that reflects the consideration the Center expects to be entitled to in exchange for the services provided.

In-kind goods and services

Contributed materials have been recorded on the basis of rates that otherwise would have been paid for similar goods. Corresponding expenses are recognized as the assets are used. For 2022 and 2021, donated supplies and auction items related to the Center's special events totaled \$1,470 and \$11,992, respectively.

Donated services are recorded as in-kind contributions and are recognized as revenue at estimated values at the date of receipt if they (a) create or enhance non-financial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the services are used. The Center received no donated services during 2022 and 2021.

Functional allocation of expenses

The statements of functional expenses present expenses by function and natural classification. Certain categories of expenses are attributed to more than one program or supporting function and have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to their functional classification. Payroll and other expenses related to more than function are charged based on time spent on each activity. Expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Center, are allocated to management and general.

Income tax status

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Subsequent events

Management evaluated subsequent events through August 8, 2023, which is the date these financial statements were available to be issued.

BENEFITS LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE B - LIQUIDITY

The Center's financial assets have seasonal variations during the year attributed to the timing of fundraising events. The Center's governing board has designated an operating reserve to be drawn upon in the event of financial distress or an immediate liquidity need. Distress or liquidity need could result from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

Financial assets available for general expenditure within one year of the statement of financial position are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 701,808	\$ 795,463
Board-designated operating reserve	17,242	17,234
Government contracts receivable	45,043	51,696
Contributions and grants receivable	<u>616,821</u>	<u>994,345</u>
Total financial assets	1,380,914	1,858,738
Less those unavailable for general expenditures within one year:		
Board-designated operating reserve	(17,242)	(17,234)
Contributions and grants receivable, net of current portion	<u>(150,000)</u>	<u>(492,000)</u>
Financial assets available within one year	<u>\$ 1,213,672</u>	<u>\$ 1,349,504</u>

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Justice Bus	\$ 44,306	\$ 44,306
Office furniture and equipment	<u>5,810</u>	<u>5,810</u>
	50,116	50,116
Less accumulated depreciation	<u>(33,228)</u>	<u>(23,150)</u>
	<u>\$ 16,888</u>	<u>\$ 26,966</u>

NOTE D - FORGIVABLE LOAN PAYABLE

In 2020, the Center incurred a \$109,700 Payroll Protection Program loan with the Small Business Administration. The loan was forgivable if the Center met certain requirements. In January 2021, the Center received notice that it had met the requirements and the loan was forgiven in full. The \$109,700 was recognized in interest and other income in 2021.

BENEFITS LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE E - LEASE ARRANGEMENTS

The Center has an operating lease for office space. The Center elected to apply the short-term lease exception under *Leases (Topic 842)*; therefore, leases with an initial term of twelve months or less are not recorded in the statements of financial position. The discount rate represents the Centers election of the risk-free rate. Nonlease components, such as payments required for common area maintenance, are not included in the lease liability and are expensed as incurred.

Components of Lease Balances	Classification in Statements of Financial Position	2022
Assets		
Operating lease right of use assets	Operating lease right of use assets	\$ 451,628
Total leased assets		<u>\$ 451,628</u>

Liabilities		
Operating lease liabilities	Operating lease liabilities	\$ 394,453
Total lease liabilities		<u>\$ 394,453</u>

Components of Lease Expense	Classification in Statements of Activities	2022
Operating lease cost	SSAP	\$ 13,513
	DHAP	<u>31,530</u>
	Total allocated to program services	45,043
	Management and general	8,761
	Fundraising	<u>10,994</u>
Total lease expense		<u>\$ 64,798</u>

Weighted-average remaining lease term 8 years
 Weighted-average discount rate - operating leases 1.724%

Maturities of lease liabilities are as follows for the years ending December 31:

2023	\$ 60,987
2024	60,987
2025	60,987
2026	60,987
2027	60,987
Thereafter	<u>182,961</u>
	487,896
Less imputed interest	<u>(32,456)</u>
	<u>\$ 455,440</u>

BENEFITS LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE F - CONCENTRATIONS

During 2022 and 2021, the Center received 49% and 61%, respectively, of its total support and revenue from one source. At December 31, 2022 and 2021, 93% and 94%, respectively, of contributions and grants receivable were from this source. If the center were to lose funding from this source, the ability of the Center to continue to provide services at its current level would be in question. There is no indication that this source will discontinue funding the Center.

Additionally, at December 31, 2022 and 2021, the entire government contracts receivable balance was due from one government entity.