

BENEFITS LAW CENTER

**FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANTS'
REVIEW REPORT**

DECEMBER 31, 2020 AND 2019



INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Benefits Law Center
Seattle, Washington

We have reviewed the accompanying financial statements of Benefits Law Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the 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.

Accountants' 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.

Jones & Associates PLLC, CPAs

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August 30, 2021

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**BENEFITS LAW CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 587,912	\$ 345,311
Government contracts receivable	105,826	50,882
Contributions and grants receivable	509,845	508,302
Prepaid rent	9,787	2,200
Total current assets	1,213,370	906,695
Board designated operating reserve	17,221	17,191
Property and equipment, net	37,044	43,942
	\$ 1,267,635	\$ 967,828
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,581	\$ 3,458
Payroll and related liabilities	24,318	7,050
Forgiveable loan payable	109,700	-
Total current liabilities	137,599	10,508
NET ASSETS		
Without donor restrictions		
Undesignated	603,315	431,827
Board designated operating reserve	17,221	17,191
	620,536	449,018
With donor restrictions	509,500	508,302
	1,130,036	957,320
	\$ 1,267,635	\$ 967,828

**BENEFITS LAW CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 240,766	\$ 519,500	\$ 760,266
Professional fees	116,992	-	116,992
Government grants	301,646	-	301,646
Interest and other income	2,420	-	2,420
	<u>661,824</u>	<u>519,500</u>	<u>1,181,324</u>
Net assets released from restrictions			
Satisfaction of purpose restrictions	10,000	(10,000)	-
Satisfaction of time restrictions	508,302	(508,302)	-
	<u>518,302</u>	<u>(518,302)</u>	<u>-</u>
 Total support and revenue	 <u>1,180,126</u>	 <u>1,198</u>	 <u>1,181,324</u>
EXPENSES			
Program	763,776	-	763,776
Management and general	87,337	-	87,337
Fundraising	157,495	-	157,495
Total expenses	<u>1,008,608</u>	<u>-</u>	<u>1,008,608</u>
 CHANGE IN NET ASSETS	 171,518	 1,198	 172,716
NET ASSETS			
Beginning of the year	<u>449,018</u>	<u>508,302</u>	<u>957,320</u>
End of the year	<u>\$ 620,536</u>	<u>\$ 509,500</u>	<u>\$ 1,130,036</u>

**BENEFITS LAW CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 186,977	\$ 525,302	\$ 712,279
Professional fees	185,232	-	185,232
Government grants	104,116	-	104,116
Interest and other income	6,117	-	6,117
	<u>482,442</u>	<u>525,302</u>	<u>1,007,744</u>
Net assets released from restrictions			
Satisfaction of purpose restrictions	169,500	(169,500)	-
Satisfaction of time restrictions	424,623	(424,623)	-
	<u>594,123</u>	<u>(594,123)</u>	<u>-</u>
 Total support and revenue	 <u>1,076,565</u>	 <u>(68,821)</u>	 <u>1,007,744</u>
EXPENSES			
Program	562,349	-	562,349
Management and general	86,048	-	86,048
Fundraising	157,823	-	157,823
Total expenses	<u>806,220</u>	<u>-</u>	<u>806,220</u>
 CHANGE IN NET ASSETS	 270,345	 (68,821)	 201,524
NET ASSETS			
Beginning of the year	<u>178,673</u>	<u>577,123</u>	<u>755,796</u>
End of the year	<u>\$ 449,018</u>	<u>\$ 508,302</u>	<u>\$ 957,320</u>

**BENEFITS LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services			Support Services		Total
	SSAP	DHAP	Total	Management and General	Fundraising	
Salary	\$ 309,709	\$ 233,290	\$ 542,999	\$ 26,488	\$ 92,707	\$ 662,194
Occupancy	42,710	33,558	76,268	3,720	13,021	93,009
Payroll taxes and benefits	50,250	49,535	99,785	4,867	17,037	121,689
Professional fees	-	-	-	31,400	1,800	33,200
Special events food and supplies	-	-	-	-	18,062	18,062
Equipment	5,722	4,496	10,218	498	1,745	12,461
Miscellaneous	2,711	2,130	4,841	6,727	827	12,395
Depreciation	-	-	-	9,624	-	9,624
Communication	4,416	3,469	7,885	385	1,346	9,616
Printing and postage	-	-	-	2,121	6,267	8,388
Insurance	3,571	2,805	6,376	311	1,089	7,776
Taxes, fees and licenses	1,758	1,381	3,139	1,007	2,932	7,078
SSA direct deposit fees	1,782	1,400	3,182	-	-	3,182
Continuing legal education	1,781	1,399	3,180	-	-	3,180
Travel	1,309	1,029	2,338	114	399	2,851
Litigation and case expense	1,135	892	2,027	-	-	2,027
Office	861	677	1,538	75	263	1,876
	<u>\$ 427,715</u>	<u>\$ 336,061</u>	<u>\$ 763,776</u>	<u>\$ 87,337</u>	<u>\$ 157,495</u>	<u>\$ 1,008,608</u>

**BENEFITS LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Services			Support Services		Total
	SSAP	DHAP	Total	Management and General	Fundraising	
Salary	\$ 185,436	\$ 195,113	\$ 380,549	\$ 27,000	\$ 78,430	\$ 485,979
Occupancy	30,306	30,306	60,612	8,651	8,651	77,914
Payroll taxes and benefits	34,321	34,322	68,643	7,280	14,440	90,363
Professional fees	-	-	-	15,232	4,200	19,432
Special events food and supplies	-	-	-	-	46,596	46,596
Equipment	5,700	5,781	11,481	1,380	1,427	14,288
Miscellaneous	-	-	-	1,045	35	1,080
Depreciation	-	-	-	2,524	-	2,524
Communication	2,642	2,642	5,284	758	758	6,800
Printing and postage	1,742	1,741	3,483	10,103	952	14,538
Insurance	2,209	2,208	4,417	3,927	-	8,344
Taxes, fees and licenses	2,000	2,000	4,000	7,548	1,234	12,782
SSA direct deposit fees	1,293	3,000	4,293	-	-	4,293
Continuing legal education	1,500	1,500	3,000	-	450	3,450
Travel	6,145	6,741	12,886	300	350	13,536
Litigation and case expense	804	804	1,608	-	-	1,608
Office	1,047	1,046	2,093	300	300	2,693
	\$ 275,145	\$ 287,204	\$ 562,349	\$ 86,048	\$ 157,823	\$ 806,220

**BENEFITS LAW CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received contributions, grants, fees and contracts	\$ 1,122,417	\$ 1,006,722
Cash received from interest and other income	2,420	6,117
Cash paid to employees and suppliers	(989,180)	(800,295)
	135,657	212,544
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(2,726)	(39,711)
	(2,726)	(39,711)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received on forgivable note payable	109,700	-
	109,700	-
 NET CHANGE IN CASH AND CASH EQUIVALENTS	242,631	172,833
CASH AND CASH EQUIVALENTS		
Beginning of the year	362,502	189,669
End of the year	\$ 605,133	\$ 362,502

**BENEFITS LAW CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – Benefits Law Center (the Center) The Center’s mission 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 by 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.

In 2020, the Center's programs were impacted by the novel Coronavirus pandemic. The Social Security office ceased processing claims in 2020 for six months due to COVID. The Center also hired a temporary Pandemic Attorney to help with pandemic related work.

Basis of Accounting and 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, from net assets without donor restrictions, net assets for an operating reserve.

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. The Center had no perpetually restricted net assets at December 31, 2020 and 2019.

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 subject the Center to a concentration of deposit risk. The Center has not experienced losses due to this concentration.

BENEFITS LAW CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Government Contracts Receivable – Government contracts receivable consist of amounts due from clients and from government agencies, and are stated at the amount management expects to collect from the outstanding balance due. It is the Center’s policy to charge off uncollectible receivables when management determines the receivable will not be collected. No allowance for uncollectible balances has been established by management based upon 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 pledge is received and consist of outstanding promises to give from a variety of individuals and foundations. No allowance for uncollectible balances has been established by management based upon the Center’s historical experience in the collection of balances due. All contributions and grants receivable are due within one year as of December 31, 2020 and 2019.

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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Board Designated Operating Reserve – The Board of Directors of the Center has established an operating reserve. The purpose of the reserve is 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 for the reserve is equal to three months of average operating costs. The reserve is held in a savings account.

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 accomplished 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 restriction, it is the Center’s policy to recognize restricted conditional contributions in the net asset without donor restrictions class if the restrictions have been met in the same year.

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.

**BENEFITS LAW CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (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 the years ended December 31, 2020 and 2019.

Donated Services – Donated services are recognized as revenue and corresponding expense when (a) the services received create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. There were no donated services received during the years ended December 31, 2020 and 2019.

Expense Allocation – 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 one 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.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

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 – Subsequent events were evaluated through August 30, 2021, which is the date the financial statements were available to be issued.

**BENEFITS LAW CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 2 – Liquidity and Availability

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

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 587,912	\$ 345,311
Cash reserve	17,221	17,191
Government grants receivable	105,826	50,882
Contributions and grants receivable	509,845	508,302
Total financial assets	1,220,804	921,686
Less those unavailable for general expenditures within one year:		
Board reserve fund (unavailable without Board approval)	(17,221)	(17,191)
Financial assets available within one year	\$ 1,203,583	\$ 904,495

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

Note 3 – Property and Equipment

Property and equipment consists of the following at December 31:

	2020	2019
Justice Bus	\$ 44,306	\$ 44,306
Office furniture and equipment	5,810	3,084
Less accumulated depreciation	(13,072)	(3,448)
	\$ 37,044	\$ 43,942

Note 4 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at December 31:

	2020	2019
Subsequent year's activities	\$ 489,500	\$ 508,302
Social security and disabled homeless advocacy	20,000	-
	\$ 509,500	\$ 508,302

BENEFITS LAW CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 5 – Forgivable Loan Payable

The Center entered into a Small Business Administration Paycheck Protection Program loan payable with a bank on April 3, 2020 for \$109,700 with a maturity date of April 3, 2022, if conditions are not met. The loan is unsecured with an interest rate of 1%. The loan can be forgiven if the Center meets certain criteria and applies for forgiveness with the Small Business Administration. Subsequent to year end the Center received notice that the full forgivable loan payable balance had been forgiven. As such, the forgivable loan payable is presented as a current liability on the statement of financial position.

Note 6 – Concentrations

During the years ended December 31, 2020 and 2019, the Center received 41% and 49%, respectively, of its total support and revenue from one source. At December 31, 2020 and 2019, 96% of contributions and grants receivable were due 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 its funding of the Center.

Additionally, at December 31, 2020 and 2019, the entire accounts receivable balance was owed from a single government entity.

Note 7 – Operating Lease

In October 2018, the Center entered into a noncancelable operating lease for its office space, which expanded the rented office space under the previous lease. The lease requires the Center to pay all executory costs such as taxes, maintenance, and insurance. Rent expense, including common area maintenance costs, under the lease was \$91,606 and \$71,474 for the years ended December 31, 2020 and 2019, respectively. The following is a schedule for future minimum lease payments under this lease for the years ending December 31:

2021	\$	51,839
2022		60,987
2023		60,987
2024		60,987
2025		60,987
	<u>\$</u>	<u>295,787</u>

BENEFITS LAW CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 8 – Conditional Government Grants

During year ending December 31, 2020, the Center received conditional government grant awards of \$399,013. The grants are contingent on billings submitted for reimbursement. Since the awards represent a conditional promise to give it is not recorded as a contribution until the grantor conditions are met. The Center recognized \$56,522 in revenues related to these government grants for the year ending December 31, 2019. The Center recognized \$301,646 in revenues related to these government grants for the year ended December 31, 2020. The remaining \$40,845 will be recognized as the award conditions are met.

Note 9 – Risks and Uncertainties

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. The extent of the impact of COVID-19 on the Organization's operations will depend on certain developments, including the duration and spread of the outbreak and the impact to clients and employees, all of which are uncertain and cannot be determined.

The Center has not experienced a reduction in revenue through the date of the financial statements and has not received notice of any changes to government grant funding and will continue to operate under the approved budget for year ending December 31, 2021.