

**BENEFITS LAW CENTER**  
**FINANCIAL STATEMENTS WITH**  
**INDEPENDENT ACCOUNTANTS'**  
**REVIEW REPORT**  
**DECEMBER 31, 2021 AND 2020**



## 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, 2021 and 2020, 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*

Jones & Associates PLLC, CPAs  
June 23, 2022

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**BENEFITS LAW CENTER  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 795,463	\$ 587,912
Government contracts receivable	51,696	105,826
Contributions and grants receivable	502,345	509,845
Prepaid rent	2,200	9,787
Total current assets	1,351,704	1,213,370
Board designated operating reserve	17,234	17,221
Contributions and grants receivable, net of current	492,000	-
Property and equipment, net	26,966	37,044
	\$ 1,887,904	\$ 1,267,635
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 10,038	\$ 3,581
Payroll and related liabilities	25,836	24,318
Forgivable loan payable	-	109,700
Total current liabilities	35,874	137,599
	35,874	137,599
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	840,451	603,315
Board designated operating reserve	17,234	17,221
	857,685	620,536
With donor restrictions	994,345	509,500
	1,852,030	1,130,036
	\$ 1,887,904	\$ 1,267,635

**BENEFITS LAW CENTER  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 234,809	\$ 994,345	\$ 1,229,154
Professional fees	125,078	-	125,078
Government grants	191,454	-	191,454
Interest and other income	111,766	-	111,766
	<u>663,107</u>	<u>994,345</u>	<u>1,657,452</u>
Net assets released from restrictions			
Satisfaction of purpose restrictions	20,000	(20,000)	-
Satisfaction of time restrictions	489,500	(489,500)	-
	<u>509,500</u>	<u>(509,500)</u>	<u>-</u>
 Total support and revenue	 <u>1,172,607</u>	 <u>484,845</u>	 <u>1,657,452</u>
<b>EXPENSES</b>			
Program	690,293	-	690,293
Management and general	111,721	-	111,721
Fundraising	133,444	-	133,444
Total expenses	<u>935,458</u>	<u>-</u>	<u>935,458</u>
 CHANGE IN NET ASSETS	 237,149	 484,845	 721,994
<b>NET ASSETS</b>			
Beginning of the year	<u>620,536</u>	<u>509,500</u>	<u>1,130,036</u>
End of the year	<u>\$ 857,685</u>	<u>\$ 994,345</u>	<u>\$ 1,852,030</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
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>
<b>EXPENSES</b>			
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
<b>NET ASSETS</b>			
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 FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	Program Services			Support Services		Total
	SSAP	DHAP	Total	Management and General	Fundraising	
Salary	\$352,880	\$158,540	\$511,420	\$ 55,723	\$ 69,492	\$ 636,635
Occupancy	50,332	22,703	73,035	3,572	12,504	89,111
Payroll taxes and benefits	37,127	16,680	53,807	9,199	7,460	70,466
Professional fees	-	-	-	25,880	6,649	32,529
Communication	16,102	6,992	23,094	2,262	4,023	29,379
Special events food and supplies	-	-	-	-	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 legal education	898	404	1,302	-	-	1,302
Travel	155	70	225	11	38	274
	<u>\$476,415</u>	<u>\$213,878</u>	<u>\$690,293</u>	<u>\$111,721</u>	<u>\$133,444</u>	<u>\$ 935,458</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
Communication	4,416	3,469	7,885	385	1,346	9,616
Special events food and supplies	-	-	-	-	18,062	18,062
Depreciation	-	-	-	9,624	-	9,624
Equipment	5,722	4,496	10,218	498	1,745	12,461
Taxes, fees and licenses	1,758	1,381	3,139	1,007	2,932	7,078
Insurance	3,571	2,805	6,376	311	1,089	7,776
Miscellaneous	2,711	2,130	4,841	6,727	827	12,395
Printing and postage	-	-	-	2,121	6,267	8,388
SSA direct deposit fees	1,782	1,400	3,182	-	-	3,182
Office	861	677	1,538	75	263	1,876
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
	<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  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received contributions, grants, fees and contracts	\$ 1,005,616	\$ 1,122,417
Cash received from interest and other income	111,766	2,420
Cash paid to employees and suppliers	(909,818)	(989,180)
	207,564	135,657
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	-	(2,726)
	-	(2,726)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds received on forgivable note payable	-	109,700
	-	109,700
 NET CHANGE IN CASH AND CASH EQUIVALENTS	207,564	242,631
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	605,133	362,502
End of the year	\$ 812,697	\$ 605,133
 <b>SUPPLEMENTAL DISCLOSURES</b>		
Note forgiveness	\$ 109,700	\$ -

**BENEFITS LAW CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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**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.

**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, 2021 and 2020.

**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.

**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.

**BENEFITS LAW CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

**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. Contributions and grants receivable of \$502,345 are due as of December 31, 2021. The remaining balance of \$492,000 is due no later than December 31, 2022.

**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, 2021 AND 2020**

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**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, 2021 and 2020.

**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, 2021 and 2020.

**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 June 23, 2022, which is the date the financial statements were available to be issued.

**BENEFITS LAW CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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**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:

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.

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 795,463	\$ 587,912
Cash reserve	17,234	17,221
Government grants receivable	51,696	105,826
Contributions and grants receivable	994,345	509,845
Total financial assets	1,858,738	1,220,804
Less those unavailable for general expenditures within one year:		
Board reserve fund (unavailable without Board approval)	(17,234)	(17,221)
Contributions and grants receivable	(492,000)	-
Financial assets available within one year	\$ 2,333,504	\$ 1,203,583

**Note 3 – Property and Equipment**

Property and equipment consists of the following at December 31:

	2021	2020
Justice Bus	\$ 44,306	\$ 44,306
Office furniture and equipment	5,810	5,810
Less accumulated depreciation	(23,150)	(13,072)
	\$ 26,966	\$ 37,044

**BENEFITS LAW CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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**Note 4 – Net Assets with Donor Restrictions**

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

	2021	2020
Subsequent year's activities	\$ 994,345	\$ 489,500
Social security and disabled homeless advocacy	-	20,000
	<u>\$ 994,345</u>	<u>\$ 509,500</u>

**Note 5 – Forgivable Loan Payable**

The Center entered into a Small Business Administration Paycheck Protection Program forgivable loan payable with a bank on April 14, 2020 for \$109,700 with a maturity date of April 14, 2022, if conditions are not met. The loan is unsecured with an interest rate of 1%. On January 19, 2021, the Center received notice that the full balance of the loan payable had been forgiven as of December 31, 2021.

**Note 6 – Concentrations**

During the years ended December 31, 2021 and 2020, the Center received 61% and 41%, respectively, of its total support and revenue from one source. At December 31, 2021 and 2020, 94% and 96% of contributions and grants receivable were due from this source, respectively. 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, December 31, 2021 and 2020, the entire government contracts receivable balance was owed from a single government entity.

**BENEFITS LAW CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**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 \$82,180 and \$91,606 for the years ended December 31, 2021 and 2020, respectively. The following is a schedule for future minimum lease payments under this lease for the years ending December 31:

2022	\$ 60,987
2023	60,987
2024	60,987
2025	60,987
	<u>\$ 243,948</u>

**Note 8 – Risks and Uncertainties**

In December 2019, a novel strain of coronavirus (COVID-19) was discovered. 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, 2022.