

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2023 AND 2022**

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

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AND INDEPENDENT AUDITORS' REPORT  
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**JUNE 30, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Coordinated Advice & Referral Program for Legal Services  
35 E Wacker Drive, Floor 30  
Chicago, IL 60601

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Coordinated Advice & Referral Program for Legal Services, which comprise the statements of financial position as of June 30, 2023 and 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 financial statements referred to above present fairly, in all material respects, the financial position of Coordinated Advice & Referral Program for Legal Services as of June 30, 2023 and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Coordinated Advice & Referral Program for Legal Services 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 Coordinated Advice & Referral Program for Legal Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities 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 and *Government 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Coordinated Advice & Referral Program for Legal Services' 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 Coordinated Advice & Referral Program for Legal Services' 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2023, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023 on our consideration of the Coordinated Advice & Referral Program for Legal Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coordinated Advice & Referral Program for Legal Services' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coordinated Advice & Referral Program for Legal Services' internal control over financial reporting and compliance.

PORTE BROWN LLC  
Certified Public Accountants

A handwritten signature in black ink that reads "Porte Brown LLC". The signature is written in a cursive, flowing style.

Elk Grove Village, Illinois  
December 6, 2023

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 271,791	\$ 577,770
Accounts receivable	26,000	-
Grants and contributions receivable	1,634,764	1,319,493
Prepaid expenses	99,404	83,763
	<u>2,031,959</u>	<u>1,981,026</u>
<b>FIXED ASSETS</b>		
Property and equipment	540,320	540,320
Less: Accumulated depreciation	<u>(540,101)</u>	<u>(535,587)</u>
	219	4,733
<b>OTHER ASSETS</b>		
Security deposits	21,083	9,343
Investments	942,984	879,842
Operating lease right-of-use-assets	103,453	-
	<u>1,067,520</u>	<u>889,185</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,099,698</u>	<u>\$ 2,874,944</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 9,330	\$ 29,124
Accrued expenses	127,532	72,697
Current portion of operating lease liabilities	103,453	-
	<u>240,315</u>	<u>101,821</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,336,766	1,282,853
With donor restrictions	1,522,617	1,490,270
	<u>2,859,383</u>	<u>2,773,123</u>
<b>TOTAL NET ASSETS</b>	<u>2,859,383</u>	<u>2,773,123</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,099,698</u>	<u>\$ 2,874,944</u>

The accompanying notes are an integral part of these financial statements

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	2023 Total	Without Donor Restrictions	With Donor Restrictions	2022 Total
<b>REVENUES AND SUPPORT</b>						
Grants and contributions	\$ 2,288,941	\$ 1,472,617	\$ 3,761,558	\$ 2,082,885	\$ 1,490,270	\$ 3,573,155
Fundraising events	368,197	-	368,197	312,426	-	312,426
In-kind donations	41,219	-	41,219	44,370	-	44,370
Loan forgiveness	-	-	-	434,952	-	434,952
Fees for service	35,000	-	35,000	35,000	-	35,000
Client fees	5,258	-	5,258	15,460	-	15,460
Investment income (loss), net	65,975	-	65,975	(119,697)	-	(119,697)
Miscellaneous income	645	-	645	4,435	-	4,435
Net assets released from restriction	1,440,270	(1,440,270)	-	1,305,912	(1,305,912)	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>4,245,505</b>	<b>32,347</b>	<b>4,277,852</b>	<b>4,115,743</b>	<b>184,358</b>	<b>4,300,101</b>
<b>EXPENSES</b>						
Program services	3,484,033	-	3,484,033	3,522,895	-	3,522,895
Management and general	284,508	-	284,508	268,650	-	268,650
Fundraising	423,051	-	423,051	333,797	-	333,797
<b>TOTAL EXPENSES</b>	<b>4,191,592</b>	<b>-</b>	<b>4,191,592</b>	<b>4,125,342</b>	<b>-</b>	<b>4,125,342</b>
<b>CHANGE IN NET ASSETS</b>	<b>53,913</b>	<b>32,347</b>	<b>86,260</b>	<b>(9,599)</b>	<b>184,358</b>	<b>174,759</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,282,853</b>	<b>1,490,270</b>	<b>2,773,123</b>	<b>1,292,452</b>	<b>1,305,912</b>	<b>2,598,364</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,336,766</b>	<b>\$ 1,522,617</b>	<b>\$ 2,859,383</b>	<b>\$ 1,282,853</b>	<b>\$ 1,490,270</b>	<b>\$ 2,773,123</b>

The accompanying notes are an integral part of these financial statements

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Services</u>	<u>2023 Total</u>
<b>EXPENSES</b>				
Computer support and maintenance	\$ 205,070	\$ 8,632	\$ 52,115	\$ 265,817
Consultants	-	-	71,899	71,899
Depreciation	3,927	271	316	4,514
Dues and subscriptions	10,927	33	39	10,999
Employee benefits	162,894	12,853	15,143	190,890
Equipment rental and maintenance	116,522	3,531	14,995	135,048
Fundraising events	-	-	102,013	102,013
Insurance	20,650	1,424	1,661	23,735
Marketing and promotion	18,663	119	26,319	45,101
Meetings	14,113	973	1,136	16,222
Miscellaneous	292	2,918	23	3,233
Occupancy	110,073	7,591	8,857	126,521
Office supplies and expense	11,712	7,898	880	20,490
Payroll taxes	197,509	13,621	15,891	227,021
Postage	-	632	632	1,896
Printing	-	-	5,588	5,588
Professional fees	41,219	47,470	-	88,689
Salaries	2,533,663	174,004	203,005	2,910,672
Staff development	8,773	605	706	10,084
Telephone	28,026	1,933	2,255	32,214
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 3,484,033</u>	<u>\$ 284,508</u>	<u>\$ 523,473</u>	<u>\$ 4,292,646</u>
Direct benefit to donors, netted with revenue	<u>-</u>	<u>-</u>	<u>(100,422)</u>	<u>(100,422)</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 3,484,033</u></u>	<u><u>\$ 284,508</u></u>	<u><u>\$ 423,051</u></u>	<u><u>\$ 4,192,224</u></u>

The accompanying notes are an integral part of these financial statements



**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Services</u>	<u>2022 Total</u>
<b>EXPENSES</b>				
Computer support and maintenance	\$ 240,538	\$ 28,298	\$ 14,149	\$ 282,985
Consultants	-	-	50,000	50,000
Depreciation	8,942	1,051	526	10,519
Dues and subscriptions	11,309	4,697	62	16,068
Employee benefits	155,561	8,991	11,295	175,847
Equipment rental and maintenance	64,796	7,948	3,812	76,556
Fundraising events	-	-	29,804.00	29,804
Insurance	20,862	1,063	1,178	23,103
Library	76	-	-	76
Marketing and promotion	1,913	764	28,325	31,002
Meetings	121	607	1,121	1,849
Miscellaneous	534	63	31	628
Occupancy	105,730	12,439	6,219	124,388
Office supplies and expense	4,670	6,237	275	11,182
Payroll taxes	190,713	11,022	13,848	215,583
Postage	-	1,022	1,021	2,043
Printing	141,388	18	4,399	145,805
Professional fees	43,787	36,377	211	80,375
Salaries	2,503,645	144,699	181,792	2,830,136
Staff development	924	109	54	1,087
Telephone	27,264	3,207	1,604	32,075
Travel and conference	122	38	200	360
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 3,522,895</u>	<u>\$ 268,650</u>	<u>\$ 349,926</u>	<u>\$ 4,141,471</u>
Direct benefit to donors, netted with revenue	<u>-</u>	<u>-</u>	<u>(16,129)</u>	<u>(16,129)</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 3,522,895</u></u>	<u><u>\$ 268,650</u></u>	<u><u>\$ 333,797</u></u>	<u><u>\$ 4,125,342</u></u>

The accompanying notes are an integral part of these financial statements

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets:	\$ 86,260	\$ 174,759
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	4,514	10,519
Loan forgiveness	-	(434,952)
Changes in assets and liabilities:		
Accounts receivable	(26,000)	8,862
Grants and contributions receivable	(315,271)	181,476
Prepaid expenses	(15,641)	(61,408)
Security deposit	(11,740)	-
Operating lease right-of-use assets	(103,453)	-
Accounts payable and accrued expenses	35,041	(35,865)
Deferred revenue	-	(18,589)
Operating lease liabilities	103,453	-
Net cash used by operating activities	<u>(242,837)</u>	<u>(175,198)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(257,793)	(1,169,689)
Proceeds from sale of investments	194,831	289,847
Net cash (used) by investing activities	<u>(62,962)</u>	<u>(879,842)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(305,799)	(1,055,040)
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>577,770</u>	<u>1,632,810</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 271,971</u>	<u>\$ 577,770</u>
<b>SUPPLEMENTAL INFORMATION TO CASH FLOWS</b>		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	-	-
Noncash investing activities:		
Loan forgiveness	\$ -	\$ 434,952
Unrealized gain (loss) on investments	43,926	(126,478)

The accompanying notes are an integral part of these financial statements

## COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A – NATURE OF OPERATIONS

The Organization is a not-for-profit organization that provides pro bono legal advice and coordinates referrals for indigent clients to legal aid offices in Cook County and other areas of Illinois. In addition, the Organization operates a free telephone hotline for those seeking legal advice and assistance from attorneys hoping to solve issues in a single call. There are four court-based self-help centers that offer legal advice and document preparation for those looking to represent themselves in court. Some services like the Hotline and Advice Desks are available only to Cook County residents, but the Organization provides other services to the rest of Illinois like the Illinois Armed Forces Legal Aid Network, COVID HELP, Eviction Help, and New Leaf Illinois each with specific legal aid issues.

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

#### BASIS OF ACCOUNTING

The Organization maintains records on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred.

#### USE OF ESTIMATES

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

#### FINANCIAL STATEMENT PRESENTATION

In accordance with FASB ASC 958-205, "Not-for-Profit Entities Presentation of Financial Statements," the Organization reports 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 – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions and providing services less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of donated assets, either temporarily or permanently, until the donor restriction expires, the net assets are restricted.

## COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### REVENUE RECOGNITION

CARPLS receives a significant portion of its operating revenue from fundraising events, grants and contributions, and fees for services. In accordance with FASB ASC 958-605-25 “Not-for-Profit Entities Revenue Recognition” contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair market values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met. In addition, FASB ASC 958-605 requires not-for-profit organizations to distinguish between contributions received that increase net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire.

Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Revenue from the annual Golden Gavel Celebration is recognized at a point in time as the cost of direct benefits to donors, and contribution revenue is recognized for the difference depending on the sponsorship level and ticket prices.

Government fees for service are recognized at a point in time each quarter when the Organization invoices the City of Chicago based on an agreement the Organization maintains with the city.

##### PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

DONOR IMPOSED RESTRICTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions which increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Net assets with donor restrictions are available for the following:

	<u>2023</u>	<u>2022</u>
Purpose restrictions, available for spending:		
Telephone hotlines	\$ 433,750	\$ 349,000
Court-based help centers	-	266,940
Cannabis conviction record project	<u>320,000</u>	<u>160,000</u>
	753,750	775,940
Time restrictions, some of which may also be subject to purpose restrictions:	<u>768,867</u>	<u>714,330</u>
	<u><u>\$ 1,522,617</u></u>	<u><u>\$ 1,490,270</u></u>

Net assets released from restriction due the years ended June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Expiration of time restrictions	\$ 835,107	\$ 647,626
Satisfaction of purpose restrictions		
Telephone hotlines	178,223	318,000
Court-based help center	266,940	46,953
Cannabis conviction record project	160,000	293,333
Total satisfaction of purpose restrictions	<u>605,163</u>	<u>658,286</u>
	<u><u>\$ 1,440,270</u></u>	<u><u>\$ 1,305,912</u></u>

IN-KIND CONTRIBUTIONS

The Organization receives significant in-kind contributions of \$41,219 and \$44,320 for the years ended June 30, 2023 and 2022, respectively related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. The Organization received volunteer hours from attorneys and law school students, as well as other professional services.

## COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### EXPENSE RECOGNITION AND ALLOCATION

The Organization allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Additionally, advertising costs are expensed as incurred. Total advertising expense for the years ended June 30, 2023 and 2022 was \$45,101 and \$31,002, respectively. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

##### CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

##### CONCENTRATION OF CREDIT RISK

The Organization has cash and cash equivalents in excess of federally insured limits of \$250,000 at one banking institution. These amounts potentially subject the Organization to credit risk if the banking institution fails. It is of the opinion of management that the solvency of the referenced financial institutions is not of a particular concern at this time.

##### GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consists of payments due from various Corporations and Foundations. The Organization considers grants and contributions receivable to be fully collectible. Grants and contributions receivable are valued at management's estimate of the amount that will ultimately be collected.

##### ACCOUNTS RECEIVABLE

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial condition of the Organization's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

PREPAID EXPENSES

Prepaid expenses consist of prepaid rents and deposits, insurance, and other miscellaneous costs.

FIXED ASSETS

Fixed assets are stated at cost. Depreciation is calculated on a straight-line basis over the estimated lives of the related assets. The Organization has adopted a policy to capitalize assets using a \$2,500 threshold. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Major classifications of property and equipment and their respective lives are summarized below:

	<u>Lives in Years</u>	<u>2023</u>	<u>2022</u>
Machinery and equipment	5 - 10	\$ 150,610	\$ 150,610
Office equipment	3 - 7	389,710	389,710
		<u>\$ 540,320</u>	<u>\$ 540,320</u>

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

INVESTMENTS

Investment securities are stated at fair value based on quoted market prices or market prices for similar securities. Unrealized gains and losses are recognized based on the change in fair value and are reported as a component of investment income. Realized gains and losses are recognized using the average cost method and are reported as a component of investment income. In addition, external and direct internal expenses relating to investment activities have been netted against investment income.

Investments as of June 30, 2023 are as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Cash	\$ 22,043	\$ 22,043	\$ -
Equity funds	460,548	473,780	(13,232)
Fixed income	460,393	512,642	(52,249)
	<u>\$ 942,984</u>	<u>\$ 1,008,465</u>	<u>\$ (65,481)</u>

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

INVESTMENTS (Continued)

Investments as of June 30, 2022 are as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Cash	\$ 14,933	\$ 14,933	\$ -
Equity funds	422,543	500,998	(78,455)
Fixed income	412,690	461,717	(49,027)
Commodities	29,676	25,361	4,315
	<u>\$ 879,842</u>	<u>\$ 1,003,009</u>	<u>\$ (123,167)</u>

Investment income (loss) includes the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	28,658	9,960
Unrealized gain (loss) on investments	43,926	(126,478)
Investment management expenses	<u>(6,609)</u>	<u>(3,179)</u>
	<u>\$ 65,975</u>	<u>\$ (119,697)</u>

INCOME TAXES

The Organization is generally exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state statutes. Accordingly, no provision for income tax expense is included in the accompanying financial statements. The Organization has adopted the provision of ASC Topic 740, Income Taxes, relating to the accounting for uncertainty in income taxes. The Organization files information returns in the U.S. federal jurisdiction, and the State of Illinois. Management is not aware of any uncertain tax positions.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 6, 2023, the date which the financial statements were available to be issued.

**NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization considers all expenditures related to its ongoing program activities, as well as the services undertaken to support those activities to be general expenditures. The Organization regularly monitors liquidity required to meet its operation needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to the financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources.



**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)**

The following table show the total financial assets held by the Organization and the amounts of which could readily be made available within one year of June 30, 2023 and 2022 to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 271,791	\$ 577,770
Accounts receivable, net	26,000	-
Grants and contributions receivable, net	1,634,764	1,319,493
Investments	<u>942,984</u>	<u>879,842</u>
Total financial assets	2,875,539	2,777,105
Less those unavailable for general expenditures within one year due to:		
Contractual or donor imposed restrictions	<u>(1,522,617)</u>	<u>(1,490,270)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,352,922</u>	<u>\$ 1,286,835</u>

**NOTE D – FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1     Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2     Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE D – FAIR VALUE MEASUREMENTS (Continued)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2023 and 2022.

*Equity funds, fixed income, and commodities:* Valued at the net asset value (NAV) of shares, which are based on quoted market prices, held by the Organization as of the end of the year.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Cash and cash equivalents are included in investments on the statements of financial position but are not subject to fair value under FASB ASC Topic 820.

Assets at fair value as of June 30, 2023 consist of:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds	\$ 460,548	\$ -	\$ -	\$ 460,548
Fixed income	460,393	-	-	460,393
	<u>\$ 920,941</u>	<u>\$ -</u>	<u>\$ -</u>	920,941
Cash and cash equivalents				<u>22,043</u>
				<u>\$ 942,984</u>

Assets at fair value as of June 30, 2022 consist of:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds	\$ 422,543	\$ -	\$ -	\$ 422,543
Fixed income	412,690	-	-	412,690
Commodities	29,676	-	-	29,676
	<u>\$ 864,909</u>	<u>\$ -</u>	<u>\$ -</u>	864,909
Cash and cash equivalents				<u>14,933</u>
				<u>\$ 879,842</u>

## COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

#### NOTE E – SPECIAL EVENTS AND FUNDRAISING

##### SPECIAL EVENTS

The Organization has one special event. Significant special events are reported net of costs of direct benefit to donors. Peripheral or incidental special events report revenue net of direct expense.

Detail of special events for the year ended June 30, 2023 is as follows:

	<u>Gross Revenue</u>	<u>Less: Direct Costs</u>	<u>Net Revenue</u>
Golden Gavel Celebration	\$ 468,619	\$ (100,422)	\$ 368,197

Detail of special events for the year ended June 30, 2022 is as follows:

	<u>Gross Revenue</u>	<u>Less: Direct Costs</u>	<u>Net Revenue</u>
Golden Gavel Celebration	\$ 328,555	\$ (16,129)	\$ 312,426

##### FUNDRAISING EXPENSES

In addition to various special events and fund raisers, the Organization conducts numerous appeals during the year and significant direct mail solicitation.

#### NOTE F – RETIREMENT PLAN

The Organization maintains a qualified 401(k) and profit sharing plan combination that covers all eligible employees. Eligible employees make deferrals under the terms of the plan. The Organization determines contributions to the profit sharing plan. No retirement plan expense exists for the years ended June 30, 2023 and 2022 as no profit-sharing contributions were made.

#### NOTE G – LEASE COMMITMENTS

The Organization has entered into various lease commitments on a building and certain equipment used for its activities. The current terms of the leases provide for annual rents of \$126,500 payable monthly. The Organization may also be responsible for operating expenses and real estate taxes, which exceed the base year defined in the lease. The expiration dates of the lease is April 30, 2024. The equipment leased is collateral on certain operating leases. Lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Rent expense was \$116,827 and \$122,560 for the years ended June 30, 2023 and 2022, respectively. Operating lease expense included in general and administrative expense was \$10,152 for the year ended June 30, 2023.

The operating lease assets and liabilities were calculated using the risk-free discount rate according to the Organization's elected policy for all lease agreements.

## COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES

### NOTES TO FINANCIAL STATEMENTS

#### NOTE G – LEASE COMMITMENTS (Continued)

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	<u>2023</u>
Weighted Average Remaining Lease Term	
Operating leases	0.83 Years
Weighted Average Discount Rate	
Operating leases	4.12%

The maturities of lease liabilities as of June 30, 2023 are as follows:

Year-ending June 30,	<u>Operating</u>
2024	<u>\$ 105,417</u>
Total lease payments	<u>105,417</u>
Less: Interest	<u>(1,964)</u>
Present value of lease liabilities	<u><u>\$ 103,453</u></u>

#### NOTE H – CONCENTRATION IN SUPPORT RECEIVED

The Organization relies heavily on grant revenue from various sources. They received approximately 36% of its support from Chicago Bar Foundation, 25% from the Lawyers Trust Fund of Illinois, and 25% from Illinois Equal Justice. In the event that these grants were to be eliminated, it is likely that the Organization would need to restructure its current operations and overall business.

#### NOTE I – ACCOUNTING CHANGES

##### LEASES

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) and subsequently issued additional ASUs to amend and clarify Topic 842. As of July 1, 2022, the Organization elected to adopt these ASUs using a modified retrospective approach and utilized all of the available practical expedients. The most significant impact was the recognition of right-of-use assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. As a result of adopting the new standards, the Organization recorded additional net lease assets and lease liabilities of approximately \$194,242 and \$194,242, respectively. Adoption of the new standard did not materially impact the Organization's net income and had no impact on cash flows.



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

To the Board of Directors of  
Coordinated Advice & Referral Program for Legal Services  
35 E Wacker Drive, Floor 30  
Chicago, IL 60601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Coordinated Advice & Referral Program for Legal Services, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Coordinated Advice & Referral Program for Legal Services' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coordinated Advice & Referral Program for Legal Services' internal control. Accordingly, we do not express an opinion on the effectiveness of the Coordinated Advice & Referral Program for Legal Services' internal control.

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

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

***Report on Compliance and Other Matters***

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

***Purposes of this Report***

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

PORTE BROWN LLC  
Certified Public Accountants

A handwritten signature in cursive script that reads "Porte Brown LLC".

Elk Grove Village, Illinois  
December 6, 2023



## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
Coordinated Advice & Referral Program for Legal Services  
35 E Wacker Drive, Floor 30  
Chicago, IL 60601

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Coordinated Advice & Referral Program for Legal Services' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Coordinated Advice & Referral Program for Legal Services' major federal programs for the year ended June 30, 2023. Coordinated Advice & Referral Program for Legal Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Coordinated Advice & Referral Program for Legal Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Coordinated Advice & Referral Program for Legal Services and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Coordinated Advice & Referral Program for Legal Services' compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Coordinated Advice & Referral Program for Legal Services' federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Coordinated Advice & Referral Program for Legal Services' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Coordinated Advice & Referral Program for Legal Services' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Coordinated Advice & Referral Program for Legal Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Coordinated Advice & Referral Program for Legal Services' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Coordinated Advice & Referral Program for Legal Services' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Coordinated Advice & Referral Program for Legal Services' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Coordinated Advice & Referral Program for Legal Services' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



## Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003 to be material weaknesses.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Coordinated Advice & Referral Program for Legal Services' response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Coordinated Advice & Referral Program for Legal Services' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PORTE BROWN LLC  
Certified Public Accountants



Elk Grove Village, Illinois  
December 6, 2023

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Source of Funds Program Title</b>	<b>AL Number</b>	<b>Contract Number</b>	<b>Federal Expenditures</b>
Department of the Treasury Passed through the Chicago Bar Foundation Coronavirus State and Local Fiscal Recovery Funds*	21.027	N/A	<u>\$ 1,103,071</u>
Total Department of the Treasury			<u>1,103,071</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 1,103,071</u></u>

AL = Assistance Listing

\* Denotes major program

The accompanying notes are an integral part of this schedule

## **COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

#### **NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Coordinated Advice & Referral Program for Legal Services (the "Organization") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **NOTE C – SUBRECIPIENTS**

The Organization provided no amounts to subrecipients from the federal awards listed.

#### **NOTE D – NON-CASH ASSISTANCE**

The Organization had no non-cash assistance, federal insurance, or loan guarantees to be disclosed as required by the Uniform Guidance.

#### **NOTE E – LOANS OUTSTANDING**

There were no loans outstanding at June 30, 2023 related to the federal awards listed.

#### **NOTE F – INDIRECT COST RATE**

The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

#### **NOTE G – DONATED PROPERTY AND EQUIPMENT**

The Organization has not received any property and equipment to be disclosed as required by Uniform Guidance.

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:		
Material weakness identified?		Yes
Significant deficiency identified that is not considered to be a material weakness?		No
Type of auditors' report issued on compliance for major programs:		Unmodified
Audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?		Yes
Identification of major programs:	AL Number	
Coronavirus State and Local Fiscal Recovery Funds	21.027	
Dollar threshold used to distinguish between type A and type B programs		\$ 750,000
Auditee qualified as low risk auditee?		No

**FINANCIAL STATEMENT FINDINGS**

Not Applicable

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

MATERIAL WEAKNESS

**2023-001 PROCUREMENT POLICY - CONTROL FINDING**

Repeat of 2022-001

Passed through the Chicago Bar Foundation  
Coronavirus State and Local Fiscal Recovery Funds\* 21.027

Condition: The Organization does not have written procurement policies in accordance with procurement requirements contained within the Uniform Guidance.

Criteria: OMB Uniform Guidance §200.318 required that entities must have and use documented procurement procedures that conform to the procurement standards identified in §200.317 through §200.327. These procedures must include written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

2023-001 PROCUREMENT POLICY (Continued)

Cause: The Organization's federal funding significantly increased in the year ended June 30, 2022 and was the first year that the Organization was required to undergo an audit in accordance with the Uniform Guidance. The Organization has existing purchasing and conflict of interest policies in place; however, it was not aware that its existing purchasing policies were required to be updated to explicitly comply with the standards in the Uniform Guidance.

Effect: In the absence of a written policy, it is more likely that the Organization's procurement practices will not comply with the Uniform Guidance. The Organization did not comply with the procurement standards concerning suspension and debarment (see finding 2023-002) and documentation of procurement activities (see finding 2023-003).

Recommendation: A written procurement policy and a written standard of conduct should be established in accordance with the procurement requirements contained within the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions: This finding was initially identified during fiscal year 2022 and corrective actions were taken by the Organization in 2023. Written procurement and conflict of interest policies, in accordance with the Uniform Guidance, was established and implemented during the year ended June 30, 2023.

2023-002 SUSPENSION AND DEBARMENT - COMPLIANCE FINDING (PROCUREMENT)

Repeat of 2022-002

Passed through the Chicago Bar Foundation  
Coronavirus State and Local Fiscal Recovery Funds\* 21.027

Condition: The Organization did not verify that contractors used were not suspended, debarred or otherwise excluded prior to entering into a contract with them.

Criteria: OMB Uniform Guidance §200.180 provides that non-federal entities cannot enter into transactions with parties that are suspended or debarred from doing business with the federal government.

Cause: The Organization's federal funding significantly increased in the year ended June 30, 2022 and was the first year that the Organization was required to undergo an audit in accordance with the Uniform Guidance. As noted in finding 2023-001, the Organization's purchasing policies did not comply with the Uniform Guidance. The Organization was not aware that contractors should be verified prior to entering into a contract under the Uniform Guidance.

Effect: It is possible that the Organization enters into a contract with a contractor that has been suspended, debarred or otherwise excluded.

Recommendation: The Organization's written procurement policies should include a procedure to verify that contractors are not suspended, debarred or otherwise excluded prior to entering into a contract, and the Organization should perform and document these procedures performed.

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

2023-002 SUSPENSION AND DEBARMENT (Continued)

Views of Responsible Officials and Planned Corrective Actions: This finding was initially identified during fiscal year 2022 and corrective actions were taken by the Organization in 2023. Two of the contracts noted were originally entered into prior to the increase in the Organization's federal funding and being subject to the Uniform Guidance. No contracts were entered into with vendors that were suspended, debarred, or otherwise excluded. Written procurement and conflict of interest policies, in accordance with the Uniform Guidance, was established and implemented during the year ended June 30, 2023.

2023-003 PROCUREMENT DOCUMENTATION - COMPLIANCE FINDING (PROCUREMENT)

Repeat of 2022-003

Passed through the Chicago Bar Foundation  
Coronavirus State and Local Fiscal Recovery Funds\* 21.027

Condition: The Organization did not maintain documentation of its procurement decisions.

Criteria: OMB Uniform Guidance §200.320 details various methods of procurement to be followed based on the intended dollar value and nature of the contract. While the specific required documentation may vary based on each of the five methods, all mandate specific documentation concerning procurement decisions.

Cause: The Organization's federal funding significantly increased in the year ended June 30, 2022 and is the first year that the Organization was required to undergo an audit in accordance with the Uniform Guidance. As noted in finding 2023-001, the Organization's purchasing policies did not comply with the Uniform Guidance. The Organization was not aware of the specific documentation requirements under the Uniform Guidance.

Effect: In the absence of a written policy, it is more likely that the Organization's procurement practices will not comply with the Uniform Guidance.

Recommendation: The Organization's written procurement policies should include details of required documentation in accordance with the Uniform Guidance, and the Organization should maintain such documentation.

Views of Responsible Officials and Planned Corrective Actions: This finding was initially identified during fiscal year 2022 and corrective actions were taken by the Organization in 2023. While documentation was not maintained, the procurement methods followed by the Organization did comply with the requirements based on the sizes of the contracts. Written procurement and conflict of interest policies, in accordance with the Uniform Guidance, was established and implemented during the year ended June 30, 2023.

2023-004 COST PRINCIPLE - COMPLIANCE FINDING

Passed through the Chicago Bar Foundation  
Coronavirus State and Local Fiscal Recovery Funds\* 21.027

Condition: The Organization did not use actual expense amounts in payroll expense calculations.

Criteria: OMB Uniform Guidance §200.400 details the policy guide for cost principles to ensure proper and efficient administration of the Federal award of which only actual expenses incurred are to be charged against the funds.

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

2023-004 COST PRINCIPLE (Continued)

Cause: The Organization's federal funding significantly increased in the year ended June 30, 2022 and was the first year that the Organization was required to undergo an audit in accordance with the Uniform Guidance. The Organization was not aware of the requirements to charge actual expense amounts under the Uniform Guidance. During the year ended June 30, 2023, corrective actions were taken but the condition was still present during the year.

Effect: Estimated amounts were used in calculating monthly invoices, so it is more likely that the Organization's expense practices will not comply with the Uniform Guidance.

Recommendation: The Organization should use actual wage expense amounts rather than estimates in accordance with the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions: This finding was addressed during the year ended June 30, 2023. Calculation of payroll expenses charged against the loan are now based on actual wage amounts instead of using an average wage calculation to comply with OMB Uniform Guidance.

**COORDINATED ADVICE & REFERRAL PROGRAM FOR LEGAL SERVICES**

**SCHEDULE OF PRIOR YEAR FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2023**

<b>FINDING NUMBER</b>	<b>CONDITION</b>	<b>CURRENT STATUS</b>
2022-001	The Organization does not have a written procurement policy in accordance with the procurement requirements contained in Uniform Guidance.	Finding is repeated as finding 2023-01. This finding was initially identified during fiscal year 2022, and corrective actions were taken by The Organization in 2023. To address the issue, the Organization adopted a procurement policy to ensure that goods and services purchased are obtained in a cost-effective manner and in compliance with applicable federal and state laws.
2022-002	The Organization did not verify if contractors are not suspended, debarred or otherwise excluded.	Finding is repeated as finding 2023-02. This finding was initially identified during fiscal year 2022, and corrective actions were taken by The Organization in 2023. To address the issue, the Organization adopted a procurement policy to verify that no contractors are suspended, debarred, or otherwise excluded and documentation of the procedures are noted.
2022-003	The Organization did not maintain documentation of its procurement decisions.	Finding is repeated as finding 2023-03. This finding was initially identified during fiscal year 2022, and corrective actions were taken by The Organization in 2023. To address the issue, the Organization adopted a procurement policy that include conflict of interest policies to ensure that goods and services purchased are obtained in a cost-effective manner and in compliance with applicable federal and state laws. In addition, a decision matrix was implemented to document the procurement decisions.