

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

FINANCIAL STATEMENTS

JUNE 30, 2021

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

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

CONTENTS

	PAGE
Report of Independent Auditors	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Coordinated Advice and Referral
Program for Legal Services

Report on the Financial Statements

We have audited the accompanying financial statements of Coordinated Advice and Referral Program for Legal Services (CARPLS), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, of functional expenses and of cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Coordinated Advice and Referral Program for Legal Services as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepting in the United States of America.

Emphasis of Matters

As discussed in Note 2, during the year ended June 30, 2021, Coordinated Advice and Referral Program for Legal Services implemented new accounting guidance clarifying the scope and accounting guidance for revenue from contracts with customers. Our opinion is not modified with respect to this matter.

Legacy Professionals LLP

Westchester, Illinois

January 28, 2022

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

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,632,810	\$ 1,627,327
Accounts receivable	8,862	134,682
Grants and contributions receivable	1,500,969	1,346,078
Prepaid expenses	22,355	19,362
Property and equipment - net	15,252	32,670
Security deposits	9,343	9,343
Total assets	\$ 3,189,591	\$ 3,169,462
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 44,365	\$ 12,932
Accrued expenses	93,321	45,618
Deferred revenue	18,589	-
PPP loan payable	434,952	434,953
Total liabilities	591,227	493,503
NET ASSETS		
Without donor restrictions	1,292,452	921,709
With donor restrictions	1,305,912	1,754,250
Total net assets	2,598,364	2,675,959
Total liabilities and net assets	\$ 3,189,591	\$ 3,169,462

See accompanying notes to financial statements.

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

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Grants and contributions	\$ 1,355,237	\$ 1,305,912	\$ 2,661,149	\$ 688,495	\$ 1,619,250	\$ 2,307,745
Fundraising events	144,820	-	144,820	290,844	85,000	375,844
In-kind donations	13,369	-	13,369	185,832	-	185,832
Loan forgiveness	434,953	-	434,953	-	-	-
Fees for service	56,156	-	56,156	125,212	-	125,212
Client fees	11,050	-	11,050	26,180	-	26,180
Investment income	11,987	-	11,987	9,393	-	9,393
Miscellaneous	5,874	-	5,874	44	-	44
Total revenue and other support	2,033,446	1,305,912	3,339,358	1,326,000	1,704,250	3,030,250
Net assets released from restrictions - satisfaction of time and purpose restrictions	1,754,250	(1,754,250)	-	1,293,317	(1,293,317)	-
	3,787,696	(448,338)	3,339,358	2,619,317	410,933	3,030,250
EXPENSES						
Program services	3,000,544	-	3,000,544	2,492,225	-	2,492,225
Supporting services						
Management and general	141,562	-	141,562	176,428	-	176,428
Fundraising	274,847	-	274,847	183,632	-	183,632
Total supporting services	416,409	-	416,409	360,060	-	360,060
Total expenses	3,416,953	-	3,416,953	2,852,285	-	2,852,285
CHANGE IN NET ASSETS	370,743	(448,338)	(77,595)	(232,968)	410,933	177,965
NET ASSETS						
Beginning of year	921,709	1,754,250	2,675,959	1,154,677	1,343,317	2,497,994
End of year	\$ 1,292,452	\$ 1,305,912	\$ 2,598,364	\$ 921,709	\$ 1,754,250	\$ 2,675,959

See accompanying notes to financial statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021					2020				
	Program Services	Supporting Services			Total	Program Services	Supporting Services			Total
		Management and General	Fundraising	Supporting Services			Management and General	Fundraising	Supporting Services	
Computer support and maintenance	\$ 400,708	\$ 47,143	\$ 23,571	\$ 70,714	\$ 471,422	\$ 101,585	\$ 11,951	\$ 5,976	\$ 17,927	\$ 119,512
Depreciation	16,546	1,947	973	2,920	19,466	42,849	5,041	2,521	7,562	50,411
Donated services	11,006	-	-	-	11,006	183,469	-	-	-	183,469
Dues and subscriptions	12,219	208	1,118	1,326	13,545	4,259	79	347	426	4,685
Employee benefits	121,833	2,083	11,146	13,229	135,062	94,185	4,465	6,892	11,357	105,542
Equipment rental and maintenance	63,890	11,092	5,466	16,558	80,448	47,269	5,561	2,781	8,342	55,611
Fundraising events	-	-	13,463	13,463	13,463	-	-	15,108	15,108	15,108
Insurance	14,615	248	1,337	1,585	16,200	16,363	304	1,334	1,638	18,001
Library	441	-	-	-	441	235	-	-	-	235
Marketing and promotion	56,925	265	9,795	10,060	66,985	-	-	4,197	4,197	4,197
Meetings	236	194	120	314	550	4,411	637	715	1,352	5,763
Miscellaneous	-	1,800	-	1,800	1,800	-	1,398	-	1,398	1,398
Occupancy	101,557	11,948	5,973	17,921	119,478	99,149	11,665	5,832	17,497	116,646
Office supplies and expense	4,089	4,457	240	4,697	8,786	9,764	1,149	574	1,723	11,487
Payroll taxes	148,617	2,523	13,597	16,120	164,737	128,319	6,082	9,390	15,472	143,791
Postage	2,419	1,573	384	1,957	4,376	3,921	139	15	154	4,075
Printing	3,762	50	2,449	2,499	6,261	350	24	2,402	2,426	2,776
Professional fees	7,719	18,759	60	18,819	26,538	36,454	44,166	-	44,166	80,620
Salaries	2,006,191	34,055	183,547	217,602	2,223,793	1,697,228	80,448	124,192	204,640	1,901,868
Telephone	27,340	3,217	1,608	4,825	32,165	22,415	2,637	1,319	3,956	26,371
Travel and conference	431	-	-	-	431	-	682	37	719	719
Total	<u>\$ 3,000,544</u>	<u>\$ 141,562</u>	<u>\$ 274,847</u>	<u>\$ 416,409</u>	<u>\$ 3,416,953</u>	<u>\$ 2,492,225</u>	<u>\$ 176,428</u>	<u>\$ 183,632</u>	<u>\$ 360,060</u>	<u>\$ 2,852,285</u>

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (77,595)	\$ 177,965
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	19,466	50,411
Loan forgiveness	(434,953)	-
Amortization of deferred lease incentive	-	(3,535)
Donated investments	-	(10,830)
(Gain) on donated investments	-	18
Changes in assets and liabilities		
Accounts receivable	125,820	(112,939)
Grants and contributions receivable	(154,891)	(231,588)
Prepaid expenses	(2,993)	(4,646)
Accounts payable and accrued expenses	79,136	(9,464)
Deferred revenue	18,589	-
Net cash (used in) operating activities	<u>(427,421)</u>	<u>(144,608)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	10,812
Purchases of property and equipment	<u>(2,048)</u>	<u>(18,240)</u>
Net cash (used in) investing activities	<u>(2,048)</u>	<u>(7,428)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan	<u>434,952</u>	<u>434,953</u>
NET INCREASE IN CASH	5,483	282,917
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,627,327</u>	<u>1,344,410</u>
End of year	<u>\$ 1,632,810</u>	<u>\$ 1,627,327</u>

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 1. NATURE OF THE ORGANIZATION AND TAX STATUS

Coordinated Advice and Referral Program for Legal Services (CARPLS) provides pro bono legal advice and coordinates referrals for indigent clients to legal aid offices in Cook County, Illinois.

CARPLS is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and thus is generally not subject to tax. In addition, the Internal Revenue Service has determined that CARPLS is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require CARPLS to evaluate tax positions taken by CARPLS and recognize a tax liability if CARPLS has taken an uncertain position that more likely than not would not be sustained upon examination by tax authorities. CARPLS is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

New Accounting Pronouncements - In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which was effective for the CARPLS' financial statements for the year ended June 30, 2021. This guidance provides additional framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across not-for-profit entities. Analysis of various provisions of this standard resulted in no significant changes in the way CARPLS recognizes revenue, and, therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - In order to conform with generally accepted accounting principles, CARPLS is required to report information regarding its financial position and activities in two classes of net assets: without donor restriction and with donor restriction.

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and available to finance the general operations of CARPLS. The only limits on the use of net assets without donor restriction are the broad limits resulting from the nature of CARPLS, the environment in which it operates and the purposes specified in its articles of incorporation.

Net Assets with Donor Restrictions - Net assets that are subject to donor-imposed or 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. At June 30, 2021 and 2020, there were no perpetual donor restrictions.

Revenue Recognition - CARPLS receives a significant portion of its operating revenue from fundraising events, grants and contributions, and fees for services.

Fees for services are recognized as revenue when CARPLS delivers qualifying services to citizens of Cook County as defined in the underlying agreements it has with the City of Chicago. CARPLS bills the city upon completion of the services. Rates vary based on the terms of the agreements.

CARPLS holds two major fundraising events each year which are the Golden Gavel and Trivia night. Revenue received from fundraising events is recognized when the events are held and varies by sponsoring level and ticket prices.

CARPLS recognizes grants and contributions upon receipt. Conditional grants - that is, those with measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met.

Unconditional promises to give are recognized as revenue in the period the promise is received and are included as assets, decreases of liabilities or expenses, depending on the form of benefits received.

Donor-restricted support is reported as an increase in net assets with donor restrictions. Restrictions generally expire when a stipulated time restriction ends or purpose restriction is accomplished, at which time net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, CARPLS reports the support as net assets without donor restrictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

CARPLS was granted a \$434,953 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. CARPLS initially recorded the loan as a loan payable at June 30, 2020, and subsequently recognized revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. As of June 30, 2021, \$434,953 is recognized as revenue. See Note 12 regarding second PPP loan received during the year ended June 30, 2021.

Cash and Cash Equivalents - CARPLS considers all highly liquid investments with an initial maturity of three months or less at the date of acquisition to be cash equivalents.

Receivables - CARPLS uses the direct write-off method for receivables deemed uncollectible. At June 30, 2021, grants and contributions receivable of \$1,500,969 are due entirely in the year ending June 30, 2022. At June 30, 2020, grants and contributions receivable of \$1,346,078 were due entirely in the year ended June 30, 2021.

Property and Equipment - Property and equipment are carried at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed by the straight-line method over the following estimated useful lives of the related assets:

Furniture and fixtures	5 - 7 years
Office equipment and software	3 - 7 years
Externally developed software	3 - 5 years

Accrued Paid Time Off - CARPLS has established a policy for paid time off (PTO). PTO offered under this policy includes both vacation and paid sick leave and varies based on tenure and employee status. In accordance with City of Chicago ordinances, a portion of the PTO related to paid sick leave may be carried over to subsequent periods. The obligation for accrued PTO was \$53,791 and \$22,198 as of June 30, 2021 and 2020, respectively.

Public Support - Periodically, CARPLS hosts fundraising events. There are no purpose restrictions from this support, and the funds are used for the primary activity and general operations of CARPLS.

Functional Allocation of Expenses - The costs of providing the various program services are summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on estimates of time and effort.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Investments, Property and Equipment and Services - Donated investments are recorded at fair value at the date of contribution. Donated property and equipment are recorded at fair value at the date of contribution and are depreciated over their estimated useful lives.

Contributions of donated services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provide by donation. CARPLS recorded donated services at fair value and included hours donated from attorneys and law school students, as well as other professional services. Donations of in-kind services are presented in the statements of activities as support with an equal amount shown as expense.

Reclassification - Certain prior year amounts have been reclassified to conform to current year presentation.

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

Subsequent Events - Subsequent events have been evaluated through January 28, 2022, which is the date the financial statements were available to be issued.

NOTE 3. CONCENTRATION OF CASH

Cash consists of monies held in interest bearing checking and money market accounts without significant withdrawal restrictions. CARPLS maintains its cash balances at financial institutions deemed to be creditworthy. Balances are insured by FDIC up to \$250,000 per financial institution and may at times exceed insured limits.

NOTE 4. LEASE COMMITMENTS

CARPLS leases office space under an agreement that expired in September 2019, it has since been extended through September 30, 2022. Under a previous incentive to extend the lease, the landlord provided free rent for five months of the lease. This lease incentive was amortized on a straight-line basis over the original term of the extension, which expired in September 2019. CARPLS also leases a copier under a lease agreement which expired in December 31, 2019 and was replaced with a new lease agreement in January 2020. The new copier lease agreement extends through December 2023. Additionally, CARPLS entered into a lease agreement for a mail machine which expires in April 2025. The following is a schedule of future minimum payments required under the terms of the leases:

NOTE 4. LEASE COMMITMENTS (CONTINUED)

	<u>Mail Machine</u>	<u>Copier</u>	<u>Office</u>	<u>Total</u>
Year ending June 30,				
2022	\$ 843	\$ 3,292	\$ 114,096	\$ 118,231
2023	843	3,292	28,524	32,659
2024	843	1,646	-	2,489
2025	<u>703</u>	<u>-</u>	<u>-</u>	<u>703</u>
Total	<u>\$ 3,232</u>	<u>\$ 8,230</u>	<u>\$ 114,096</u>	<u>\$ 154,082</u>

Office rent expense was \$117,909 for year ended June 30, 2021 and \$113,854 for 2020. Copier and mail machine rental expenses were \$4,041 the year ended June 30, 2021 and \$4,710 for 2020.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 65,086	\$ 65,086
Office equipment and software	150,610	148,562
Externally developed software	<u>324,624</u>	<u>324,624</u>
	540,320	538,272
Less accumulated depreciation	<u>(525,068)</u>	<u>(505,602)</u>
Net property and equipment	<u>\$ 15,252</u>	<u>\$ 32,670</u>

CARPLS capitalized \$2,048 and \$18,240 in property and equipment during the years ended June 30, 2021 and 2020, respectively. No assets were disposed of during the years ended June 30, 2021 and 2020.

Depreciation expense was \$19,466 for the year ended June 30, 2021 and \$50,411 for 2020.

NOTE 6. MAJOR CONTRIBUTORS

During the year ended June 30, 2021, three contributors accounted for approximately 72% while at June 30, 2020, two contributors contributed approximately 56%, of total revenue and support.

NOTE 7. PENSION PLAN

CARPLS sponsors a 401(k) plan available to all full-time employees. Employees can elect to defer a percentage of salary, subject to Internal Revenue Service limitations. CARPLS can elect to match a percentage of the employee's deferral. CARPLS did not elect to match any employee deferrals during either 2021 and 2020.

NOTE 8. LIQUIDITY AND AVAILABILITY OF RESOURCES

CARPLS receives significant grants restricted by grantors. CARPLS considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. CARPLS manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long term obligations will be discharged. General expenditures consist of amounts paid in relation to providing pro bono legal advice, telephone hotlines and court-based help centers.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,632,810	\$ 1,627,327
Receivables (due within one year)	<u>1,509,831</u>	<u>1,480,760</u>
Financial assets available for general expenditures within one year	<u>\$ 3,142,641</u>	<u>\$ 3,108,087</u>

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods as directed by the donors at June 30, 2021 and 2020, as follows:

	<u>2021</u>	<u>2020</u>
Time restricted	\$ 647,626	\$ 986,650
Purpose restricted		
Telephone hotlines	318,000	313,009
Court-based help centers	46,953	87,924
Cannabis conviction record project	<u>293,333</u>	<u>366,667</u>
Total purpose restricted	<u>658,286</u>	<u>767,600</u>
Total	<u>\$ 1,305,912</u>	<u>\$ 1,754,250</u>

During the years ended June 30, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or periods, as follows:

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2021</u>	<u>2020</u>
Time restricted	\$ 986,650	\$ 765,400
Purpose restricted		
Telephone hotlines	313,009	341,667
Court-based help centers	87,924	186,250
Cannabis conviction record project	366,667	-
Total purpose restricted	<u>767,600</u>	<u>527,917</u>
Total	<u>\$ 1,754,250</u>	<u>\$ 1,293,317</u>

NOTE 10. RELATED PARTIES

During the years ended June 30, 2021 and 2020, there were numerous contributions made by members of the Board of Directors to CARPLS. These transactions totaled \$34,255 in the year ended June 30, 2021 and were \$80,450 in the year ended June 30, 2020.

NOTE 11. CONDITIONAL GRANT

Previously, CARPLS had received a conditional matching grant, whose recognition was contingent on the development of additional support revenue. Under the terms of the agreement, the grantor would match \$1 for each \$1 contributed by a new donor and \$1 incremental contributions from current donors. The match was capped at \$25,000 per year and extended through March 11, 2022 for one final grant reporting year. CARPLS recognized \$25,000 in connection with this grant for both years ended June 30, 2021 and 2020.

As discussed in Note 2, conditional grants are only recognized as revenue when the grantor's conditions are substantially satisfied.

NOTE 12. LOAN PAYABLE

In February 2021, CARPLS qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program established under the CARES Act and implemented by the U.S. Small Business Administration (SBA), for an aggregate principal amount of \$434,952. The loan provides for customary events of default, including those related to failure to make payment and breaches of representations. CARPLS may prepay the principal of the PPP loan at any time without incurring any prepayment charges. Under the CARES Act, loan forgiveness is available for the sum of documented payroll costs and covered occupancy expenses during the 24-week period beginning on the date of first disbursement of the PPP loan. Not more than 40% of the forgiven amount can be attributable to non-payroll costs. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payments for the first six months. The PPP loan was forgiven subsequent to year end.

NOTE 13. IMPACT OF COVID-19 AND NEWLY ENACTED LEGISLATION

As a result of the spread of the COVID-19 coronavirus pandemic, economic uncertainties have arisen, which may negatively impact Coordinated Advice and Referral Program for Legal Services' operations and financial condition. The potential impact and duration of the pandemic is unknown as of the date the financial statements were available to be issued.

Several major legislative relief packages were enacted in response to the coronavirus outbreak, containing numerous tax, emergency funding and other regulatory provisions. As stated in Note 12, CARPLS received a PPP loan during the fiscal year for \$434,952. The PPP loan is the main stimulus for small businesses to come out of the CARES Act. CARPLS utilized these funds to assist with payroll and other costs during the COVID-19 pandemic. Additionally, CARPLS continues to evaluate the impact of the newly enacted legislation on its operations and cash flow.