LATINOJUSTICE PRLDEF

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(with comparative information for the year ended June 30, 2019)

LATINOJUSTICE PRLDEF
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative information for the year ended June 30, 2019)

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CITRINCOOPERMAN®
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LatinoJustice PRLDEF

We have audited the accompanying financial statements of LatinoJustice PRLDEF (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LatinoJustice PRLDEF as of June 30, 2020, 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.

Adoption of New Accounting Pronouncements

As discussed in Note 2 to the financial statements, LatinoJustice PRLDEF adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, and the amendments in Accounting Standards Update No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, as of July 1, 2019, using the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited LatinoJustice PRLDEF's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
March 31, 2021

LATINOJUSTICE PRLDEF
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(with comparative information as of June 30, 2019)

	2020	2019
ASSETS		
Cash, cash equivalents and restricted cash:		
Cash available for use in operations (inclusive of $138,815 in 2020 and $293,144 in 2019 of cash operating reserves)	$ 4,566,277	$ 1,287,458
Restricted cash	-	245,000
Certificates of deposit	900,000	500,000
Total cash, cash equivalents and restricted cash	5,466,277	2,032,458
Investments	5,192,790	4,354,642
Contributions and other receivables, net	682,825	640,885
Prepaid expenses and other assets	89,452	578,004
Property and equipment, net	2,472,711	2,775,719
TOTAL ASSETS	$ 13,904,055	$ 10,381,708
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 380,072	$ 700,848
Refundable advance - Paycheck Protection Program (Note 16)	147,151	-
Other liabilities	24,173	20,716
Total liabilities	551,396	721,564
Commitments and contingencies (Notes 11 and 16)		
Net assets:		
Without donor restrictions:		
Operating fund	7,481,562	4,355,736
Board-designated operating reserve	4,709,432	4,914,084
Total net assets without donor restrictions	12,190,994	9,269,820
With donor restrictions	1,161,665	390,324
Total net assets	13,352,659	9,660,144
TOTAL LIABILITIES AND NET ASSETS	$ 13,904,055	$ 10,381,708

See accompanying notes to financial statements.

LATINOJUSTICE PRLDEF
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(with summarized comparative financial information for the year ended June 30, 2019)

	2020					2019
	Without Donor Restrictions					
	Operating Fund	Board-Designated Operating Reserve	Total	With Donor Restrictions	Total	Summarized Total
Support and revenue:						
Contributions	$ 4,109,588	$ -	$ 4,109,588	$ 1,899,007	$ 6,008,595	$ 1,461,586
Grant revenue (Note 16)	627,718	-	627,718	-	627,718	294,250
Event revenue, net of direct donor benefits of $170,617 in 2020 and $178,550 in 2019	479,309	-	479,309	-	479,309	444,631
In-kind rent (Note 2)	-	-	-	-	-	281,572
Legal fees recovered, net	872,616	-	872,616	-	872,616	193,753
Education fees for service	16,995	-	16,995	-	16,995	17,325
Interest and dividend income	144,266	-	144,266	-	144,266	34,132
Net appreciation of investments	80,389	-	80,389	-	80,389	122,812
Net assets released from restrictions and designations	1,332,318	(204,652)	1,127,666	(1,127,666)	-	-
Total support and revenue	7,663,199	(204,652)	7,458,547	771,341	8,229,888	2,850,061
Expenses:						
Program services:						
Litigation	2,202,928	-	2,202,928	-	2,202,928	2,406,724
Education	313,743	-	313,743	-	313,743	283,027
Advocacy, community outreach and communications	1,122,196	-	1,122,196	-	1,122,196	727,664
Total program services	3,638,867	-	3,638,867	-	3,638,867	3,417,415
Supporting services:						
Administrative and general	527,234	-	527,234	-	527,234	612,860
Development	371,272	-	371,272	-	371,272	266,198
Total supporting services	898,506	-	898,506	-	898,506	879,058
Total expenses	4,537,373	-	4,537,373	-	4,537,373	4,296,473
Change in net assets	3,125,826	(204,652)	2,921,174	771,341	3,692,515	(1,446,412)
Net assets - beginning	4,355,736	4,914,084	9,269,820	390,324	9,660,144	11,106,556
NET ASSETS - ENDING	$ 7,481,562	$ 4,709,432	$ 12,190,994	$ 1,161,665	$ 13,352,659	$ 9,660,144

See accompanying notes to financial statements.

LATINOJUSTICE PRLDEF
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(with summarized comparative financial information for the year ended June 30, 2019)

	2020									2019
	Program Services				Supporting Services					
	Litigation	Education	Advocacy, Community Outreach and Communications	Total Program Services	Administrative and General	Development	Total Supporting Services	Direct Benefit to Donors	Total	Summarized Total
Salaries and benefits	$1,463,784	$ 237,786	$ 762,870	$ 2,464,440	$ 389,069	$ 281,538	$ 670,607	$ -	$ 3,135,047	$ 3,018,108
Occupancy (includes in-kind rent of $- in 2020 and $281,572 in 2019)	164,584	18,470	62,379	245,433	38,162	24,227	62,389	-	307,822	590,546
Professional fees	268,272	15,639	122,714	406,625	32,901	20,151	53,052	-	459,677	190,926
Telephone	8,877	1,307	4,293	14,477	2,547	1,680	4,227	-	18,704	17,635
Office	6,752	310	3,780	10,842	1,047	566	1,613	-	12,455	30,790
Non-capital equipment	33,583	7,146	24,601	65,330	7,583	8,141	15,724	-	81,054	69,342
Publications	26,130	264	869	27,263	529	340	869	-	28,132	29,611
Expert fees and court costs	8,083	-	-	8,083	-	-	-	-	8,083	24,100
Travel, conferences, meetings and other miscellaneous	70,966	10,551	28,202	109,719	12,975	5,320	18,295	163,787	291,801	414,907
Marketing and cultivation	9,484	1,059	42,796	53,339	-	2,038	2,038	6,830	62,207	35,462
Depreciation	142,413	21,211	69,692	233,316	42,421	27,271	69,692	-	303,008	53,596
	2,202,928	313,743	1,122,196	3,638,867	527,234	371,272	898,506	170,617	4,707,990	4,475,023
Less: expenses included with event revenue on the statement of activities	-	-	-	-	-	-	-	(170,617)	(170,617)	(178,550)
TOTAL EXPENSES	$2,202,928	$ 313,743	$ 1,122,196	$ 3,638,867	$ 527,234	$ 371,272	$ 898,506	$ -	$ 4,537,373	$ 4,296,473

See accompanying notes to financial statements.

LATINOJUSTICE PRLDEF
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative information as of June 30, 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 3,692,515	$ (1,446,412)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	303,008	53,596
Discount to present value for contributions and other receivables	-	(13,844)
Bad debt expense	-	41,489
Donated securities	(4,190)	(4,033)
Net realized losses on investments	-	2,899
Net unrealized gains on investments	(80,389)	(125,711)
Changes in assets and liabilities:		
Contributions and other receivables	(41,940)	(7,415)
Prepaid expenses and other assets	488,552	(537,204)
Accounts payable and accrued expenses	(320,776)	494,840
Refundable advance - Paycheck Protection Program	147,151	-
Other liabilities	3,457	12,716
Net cash provided by (used in) operating activities	4,187,388	(1,529,079)
Cash flows from investing activities:		
Purchases of property and equipment	-	(2,829,315)
Proceeds from sales of investments	1,231,817	15,672
Purchases of investments	(1,985,386)	(4,239,296)
Net cash used in investing activities	(753,569)	(7,052,939)
Net increase (decrease) in cash, cash equivalents and restricted cash	3,433,819	(8,582,018)
Cash, cash equivalents and restricted cash - beginning	2,032,458	10,614,476
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - ENDING	$ 5,466,277	$ 2,032,458

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

LatinoJustice PRLDEF (the "Organization") is a national civil rights organization. The Organization was founded in 1972 to protect the civil and human rights of Puerto Ricans and the wider Latino community and to ensure their equal protection under the law.

The Organization accomplishes its mission through litigation, education and advocacy programs. The Organization is also involved in non-litigation activities and works in coalitions to tackle the very serious social and economic conditions plaguing Latinos.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

The board of directors established an operating reserve to provide an internal source of funds to serve as reserves for programs and operations.

Net Assets with Donor Restrictions - Net assets subject to donor-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, and reported in the accompanying statement of activities as "Net assets released from restrictions and designations."

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The Organization incurs expenses that directly relate to and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. For the year ended June 30, 2020, salaries and employee benefits are based on estimates of time and effort incurred by personnel. Occupancy, professional fees, telephone, office, non-capital equipment, publications, travel, conferences, meetings and other

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

miscellaneous, and depreciation expenses which are not specifically attributable to a specific program or supporting activity, were allocated by management on a consistent basis among program and supporting services benefited, based on direct cost and square footage. For the year ended June 30, 2019, salaries and employee benefits, occupancy, professional fees, telephone, office, non-capital equipment, publications, travel, conferences, meetings and other miscellaneous, marketing and cultivation, and depreciation expenses which are not specifically attributable to a specific program or supporting activity, were allocated by management on a consistent basis among program and supporting services benefited, based on estimates of time and effort incurred by personnel.

Revenue Recognition

The Organization derives revenue and support primarily from grants, contributions, legal fees recovered, program fees and event revenue.

Year ended June 30, 2020

The Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("Topic 606") on July 1, 2019. With the adoption of Topic 606, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control over a service to a customer. The majority of the Organization's services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation that is satisfied as the services are rendered. The Organization determines the transaction price based on contractually agreed upon rates, adjusted for any variable consideration, if any.

Program services are offered by the Organization throughout the course of the year. Revenues from these services are recognized over the period the services are rendered. Legal fees recovered are recognized at the point at which control over the services are rendered. Event revenue is recognized over the period the event takes place.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Year ended June 30, 2019

For the year ended June 30, 2019 the Organization recognized revenue when (1) the service was performed and the Organization had no significant obligations remaining to be performed; (2) a final understanding as to specific nature and terms of the agreed upon transaction had occurred; (3) price was fixed and determinable; and (4) collection was assured. Services generally met these criteria, and revenue was recognized, when services were rendered.

Grants and Contributions

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Grants and contributions received with donor-imposed or grantor-imposed restrictions that are fulfilled in the same year as received are reported as support without donor restrictions.

Revenue from cost-reimbursement grants is recognized when the Organization has expended the program costs in accordance with the grant agreements. Revenue from this source is subject to audits and possible adjustments by the funding agencies. The effects of any such adjustments are recorded when reasonably determinable. Management believes that the effect of audit adjustments, if any, will not have a material effect on the accompanying financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

Revenue Recognition

In May 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), with several clarifying updates issued subsequently. In conjunction with Topic 606, a new subtopic, ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, was also issued. The updated standard replaces most existing revenue recognition and certain cost guidance under U.S. GAAP. Topic 606 and Subtopic 340-40 are collectively referred to as "ASC 606". ASC 606 replaces existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods and services.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements (Continued)

Revenue Recognition (Continued)

The Organization adopted ASC 606 effective July 1, 2019, using the modified retrospective transition method. Use of the modified retrospective approach means the Organization's comparative periods prior to initial application are not restated. The Organization has determined that the adjustments using the modified retrospective approach did not have a material impact on the date of the initial application along with the disclosure of the effect on prior periods. The Organization did not apply any practical expedients in implementing ASC 606.

Contributions

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Organization adopted ASU 2018-08 effective July 1, 2019, using the modified prospective method. Under the modified prospective method, the amendments are applied to agreements that are either not completed as of the effective date or entered into after the effective date. The Organization has determined that the application of the amendments of ASU 2018-08 did not have a material impact on the Organization's financial statements and related disclosures.

Accounting Pronouncements Issued but not yet Effective

In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with terms greater than 12 months to be recognized on the statement of financial position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to lease arrangements. In July 2018, FASB also issued ASU No. 2018-10, *Codification Improvements to Topic 842*, and ASU No. 2018-11, *Leases: Targeted Improvements*, which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period financial statements and recognizing any cumulative effect adjustment to the opening statement of financial position. In November 2019, FASB issued ASU No. 2019-10 *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842).* ASU No. 2019-10 amended the effective date for ASU 2016-02 and related amendments. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2020. In June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) ("ASU 2020-05"). ASU 2020-05 provided for an optional election to defer the effective date for Topic 842 and related amendments for an additional year. Entities may elect to adopt the guidance on the adoption of Topic 842 for annual reporting periods beginning after December 15, 2021. The Organization has determined to defer Topic 842 and is evaluating the impact this new guidance will have on its financial statements and related disclosures.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents are certificate of deposits which earn interest at an annual rate of 0.25% and mature monthly. The carrying value of the certificates of deposit at June 30, 2020 and 2019, approximated fair value.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. The earnings from interest and dividends are recognized when earned. Net appreciation (depreciation) includes the Organization's gains and losses on investments bought and sold, as well as held during the year.

Fair Value Measurement

FASB ASC 820, *Fair Value Measurement*, 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). Categorization within the valuation hierarchy is based upon the lowest level of 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. Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

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 that the Organization has the ability to access.
>
> Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Organization's policy is to capitalize property and equipment of $5,000 or more. Maintenance and repairs are expensed as incurred. Property and equipment are carried at cost or, if donated, at the fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of these assets, which ranges from five to 10 years. Leasehold improvements are depreciated over the lesser of the asset's useful life or the term of the lease. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in the accompanying statement of activities.

Long-lived assets held for sale are measured at the lower of their carrying amount or fair value less cost to sell, but are not depreciated.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for impairment in accordance with the guidelines of FASB ASC 360, *Property, Plant and Equipment*, whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Organization assess recoverability by determining whether the net book value of the related asset will be recovered through the projected undiscounted future cash flows of the asset. If the Organization determines that the carrying value of the asset may not be recoverable, it measures any impairment based on the asset's fair value as compared to the asset's carrying value. There were no impairment charges recognized during the years ended June 30, 2020 and 2019.

Donated Securities, Goods and Services

Donated securities and goods are reported at their fair values as determined on the date of donation. 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 provided by donation.

For the year ended June 30, 2019, $2,730 in pro-bono legal services was received in relation to the intellectual property for a documentary and recognized as an in-kind contribution in the accompanying statement of activities, as these services would have been retained or paid for if they were not donated. There were no pro-bono legal services received for the year ended June 30, 2020.

From time to time, various law firms, including those related to board members, provide legal services to the Organization on a pro-bono basis. Although these services are used by the Organization to carry out its mission, including the delivery of legal services to protect the civil rights of the Latino community at large, the Organization's management has indicated that it would not purchase the services if they were not donated. Instead, the Organization would reduce the number of individuals served or modify the services provided. Accordingly, the value of such donated legal services, which amounted to $9,991,531 and $7,696,063 for the years ended June 30, 2020 and 2019, respectively, has not been reflected in the accompanying financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Securities, Goods and Services (Continued)

On June 21, 2017, the Organization entered into a contract to sell its condominium units. While the Organization searched for a new operating space, the purchaser of the condominium units agreed to lease back the condominium units to the Organization for $1.00 per month for a period of nine months from the closing date, with an option to extend on a month-to-month basis for up to an additional three months. The excess of the fair market value over the $1.00 per month lease amounted to $281,752 for the year ended June 30, 2019, and recognized as "In-kind rent" in the accompanying statement of activities, as the Organization would have paid fair market value for a similar operating space had it not received this benefit. There was no in-kind rent recognized for the year ended June 30, 2020, when the Organization rented office space in New York City in December 2018.

Prior-Year Summarized Comparative Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset or functional expense classifications. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which this summarized information was derived.

Income Tax Status

The Organization is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and from state income taxes.

The Organization recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under this guidance, the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through March 31, 2021, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of June 30, 2020:

Cash, cash equivalents and restricted cash	$ 5,466,277
Investments	5,192,790
Contributions and other receivables, net	682,825
Total financial assets at year-end	11,341,892
Less amounts not available to be used within one year:	
Donor-restricted funds not available to support next year's operations	(100,000)
Board-designated funds, net of board-approved appropriations for next year's operations	(4,501,198)
Financial assets available to meet general expenditures within one year of the statement of financial position date	$ 6,740,694

As part of the Organization's liquidity management, it has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, excess cash is invested in short-term investments, including stock, mutual funds, exchange-traded funds, bonds and asset-backed securities. Board-designated funds totaling $4,501,198 are available to the Organization for operations with board approval.

NOTE 4. CONTRIBUTIONS AND OTHER RECEIVABLES

As of June 30, 2020 and 2019, contributions and other receivables are due as follows:

	2020	2019
Receivable in less than one year	$ 699,565	$ 651,155
Receivable in one to five years	1,000	7,470
	700,565	658,625
Less: allowance for uncollectible contributions and other receivables	(17,740)	(17,740)
Contributions and other receivables, net	$ 682,825	$ 640,885

As of June 30, 2020, approximately 66% of the Organization's receivables was derived from two institutional donors. As of June 30, 2019, approximately 67% of the Organization's receivables was derived from three institutional donors.

Based on management's experience, the aging of contributions and other receivables, subsequent receipts and current economic conditions, $17,740 have been reserved for collections of contributions and other receivables for both years ended June 30, 2020 and 2019.

NOTE 5. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

(a) *Market approach.* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

(b) *Cost approach.* Amount that would be required to replace the service capacity of an asset (replacement cost); and

(c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following tables summarize the Organization's assets measured at fair value on a recurring basis, categorized by U.S. GAAP's valuation hierarchy as of June 30, 2020 and 2019:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at June 30, 2020	Valuation Technique
Common stocks:					
Basic materials	$ 93,335	$ -	$ -	$ 93,335	(a)
Communication services	100,928	-	-	100,928	(a)
Consumer cyclical	165,514	-	-	165,514	(a)
Consumer defensive	160,785	-	-	160,785	(a)
Energy	20,287	-	-	20,287	(a)
Financial services	247,710	-	-	247,710	(a)
Healthcare	367,023	-	-	367,023	(a)
Industrials	231,786	-	-	231,786	(a)
Real estate	116,662	-	-	116,662	(a)
Technology	288,903	-	-	288,903	(a)
Utilities	67,887	-	-	67,887	(a)
Total common stocks	1,860,820	-	-	1,860,820	
Bonds:					
Foreign	-	8,238	-	8,238	(a)
Municipal	-	31,206	-	31,206	(a)
U.S. corporate	-	228,984	-	228,984	(a)
U.S. government	-	23,675	-	23,675	(a)
Total bonds	-	292,103	-	292,103	
Exchange-traded funds	1,632,828	-	-	1,632,828	(a)
Mutual funds	745,966	-	-	745,966	(a)
Preferred stock	-	3,551	-	3,551	(a)
Government asset-backed/CMO securities	-	129,152	-	129,152	(a)
Glide Fund Series LLC	-	-	528,370	528,370	(c)
Total investments	$ 4,239,614	$ 424,806	$ 528,370	$ 5,192,790	

NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at June 30, 2019	Valuation Technique
Common stocks:					
Basic materials	$ 111,632	$ -	$ -	$ 111,632	(a)
Communication services	51,549	-	-	51,549	(a)
Consumer cyclical	186,159	-	-	186,159	(a)
Consumer defensive	143,312	-	-	143,312	(a)
Energy	89,023	-	-	89,023	(a)
Financial services	312,438	-	-	312,438	(a)
Healthcare	301,312	-	-	301,312	(a)
Industrials	272,979	-	-	272,979	(a)
Real estate	83,718	-	-	83,718	(a)
Technology	322,360	-	-	322,360	(a)
Utilities	41,025	-	-	41,025	(a)
Total common stocks	1,915,507	-	-	1,915,507	
Bonds:					
Foreign	-	4,230	-	4,230	(a)
Municipal	-	23,430	-	23,430	(a)
U.S. corporate	-	75,043	-	75,043	(a)
U.S. government	-	34,834	-	34,834	(a)
Total bonds	-	137,537	-	137,537	
Exchange-traded funds	1,446,857	-	-	1,446,857	(a)
Mutual funds	748,864	-	-	748,864	(a)
Preferred stock	-	13,335	-	13,335	(a)
Government asset-backed/CMO securities	-	92,542	-	92,542	(a)
Total investments	$ 4,111,228	$ 243,414	$ -	$ 4,354,642	

The following are descriptions of the valuation methodologies used for assets measured at fair value:

Common stocks: valued based on quoted market prices, when available, or market prices provided by recognized broker-dealers or fund managers.

Bonds: valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Exchange-traded funds: valued at quoted market prices, which represent the net asset value of the securities held in such funds.

Mutual funds: valued at quoted market prices, which represent the net asset value of the securities held in such funds.

Preferred stocks: valued at the closing price reported on the active market on which the individual securities are traded.

NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

Government asset-backed/CMO securities: valued using pricing models maximizing the use of observable inputs for similar securities.

Glide Fund Series LLC: valued at the Organization's share of the investments of the Glide Fund Series pooled investments as reported by the Glide Fund Series LLC and its investment managers and advisors. Redemptions can be quarterly, with 45 day redemption notice period. There is a one year lockup redemption requirement and there are no unfunded commitments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with those of 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.

At June 30, 2020, the following table sets forth the changes in Level 3 investments

Balance - beginning	$ -
Purchases	500,000
Interest and dividends	35,057
Investment management fees	(6,687)
Balance - ending	$ 528,370

NOTE 6. PROPERTY AND EQUIPMENT

As of June 30, 2020 and 2019, property and equipment, at cost, consisted of the following:

	2020	2019
Leasehold improvements	$ 2,441,981	$ 2,441,981
Furniture, fixtures and equipment	387,333	387,334
	2,829,314	2,829,315
Less: accumulated depreciation	356,603	53,596
Property and equipment, net	$ 2,472,711	$ 2,775,719

Depreciation expense was $303,008 and $53,596 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7. NET ASSETS RELEASED FROM RESTRICTIONS

For the year ended June 30, 2020, net assets with donor restrictions were released from donor restrictions either due to the Organization meeting the donor requirements by providing program services, or by the lapse of a time restriction:

Immigrant Justice (Long Island)	$ 30,605
Immigrant Justice (GOS)	174,444
Voting Rights Project	109,658
Voting Rights/Census	125,000
Justice Reform Collaborative	350,000
Criminal Justice Reform	243,750
Economic Justice	20,073
Time Restricted	9,166
CAP Leadership Institute	5,000
Capital campaign - time-restricted	9,910
Annual fund - time-restricted	4,060
Other Census	4,000
Other	42,000
	$ 1,127,666

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions available for program services at June 30, 2020 and 2019, are as follows:

	2020	2019
Immigrant Justice (Long Island)	$ -	$ 30,604
Immigrant Justice (GOS)	100,556	68,333
Voting Rights Project	109,658	-
Voting Rights/Census	400,000	-
Justice Reform Collaborative	250,000	-
Criminal Justice Reform	141,667	235,417
Economic Justice	50,302	-
Time restricted	45,832	-
CAP Leadership Institute	45,000	-
Capital campaign - time-restricted	-	9,910
Annual fund - time-restricted	-	4,060
Other Census	4,000	-
Other	14,650	42,000
	$ 1,161,665	$ 390,324

NOTE 9. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents in excess of insured amounts, and investments. As of June 30, 2020, the Organization's cash and cash equivalents and investments, placed in one account with a major financial institution and a brokerage firm, exceed the insurance coverage provided by the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Corporation ("SIPC"). The Organization has not experienced any losses in such accounts.

NOTE 9. CONCENTRATION OF CREDIT RISK (CONTINUED)

For the year ended June 30, 2020, one institutional donor accounted for approximately 50% of total contributions and 36% of total support and revenue. For the year ended June 30, 2019, two institutional donors accounted for approximately 55% of total contributions and 29% of total support and revenue.

NOTE 10. MARKETING AND CULTIVATION

The Organization uses marketing and cultivation services to promote its programs among the audiences it serves. The costs of marketing and cultivation are expensed as incurred. During the years ended June 30, 2020 and 2019, marketing and cultivation costs totaled $62,207 and $35,462, respectively.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Operating Leases - Office Space

The Organization leases office space under operating leases in New York City and Florida which will expire through September 2028. Future minimum lease payments for the operating leases are as follows:

Year ending June 30:	Amount
2021	$ 208,234
2022	211,878
2023	215,586
2024	219,359
2025	223,197
Thereafter	752,593
	$ 1,830,847

Rent expense for the years ended June 30, 2020 and 2019, amounted to $240,407 and $505,260, respectively. Rent expense for the year ended June 30, 2019, reflects $281,572, of in-kind rent, as disclosed in Note 2 in "Donated Securities, Goods and Services."

Operating Lease - Equipment

The Organization has an operating lease for office equipment, which expires on April 30, 2023. Future minimum lease payments due through the termination of the lease are as follows:

Year ending June 30:	Amount
2021	$ 11,503
2022	11,503
2023	9,586
	$ 32,592

Equipment lease expense for the years ended June 30, 2020 and 2019, amounted to $12,144 and $14,778, respectively.

NOTE 12. COLLECTIVE BARGAINING AGREEMENT

The Organization negotiated a collective bargaining agreement with the LatinoJustice PRLDEF Staff Association, NOLSW, Local 2320, UAW, AFL-CIO, covering certain of its professional employees, which expires on June 30, 2021. At June 30, 2020, the Organization had a total of 22 employees, of which approximately 50% are represented by the union.

NOTE 13. EMPLOYEE BENEFIT PLAN

The Organization maintains a 403(b) plan covering all eligible employees. During the years ended June 30, 2020 and 2019, the Organization made contributions to the plan amounting to $60,582 and $45,732, respectively, which are included in "Salaries and benefits" in the accompanying statement of functional expenses.

NOTE 14. BOARD-DESIGNATED OPERATING RESERVE

The activity of the board-designated operating reserve for the years ended June 30, 2020 and 2019, was as follows:

	2020	2019
Balance - beginning of year	$ 4,914,084	$ 540,475
Add:		
Transfer of net assets without restriction	-	7,000,000
Sub-total	4,914,084	7,540,475
Less:		
NYC occupancy payments	204,652	2,626,391
Balance - end of year	$ 4,709,432	$ 4,914,084

The Board of Directors of the Organization had decided to designate these reserves to be used for New York City lease and other occupancy commitments.

NOTE 15. RELATED PARTY TRANSACTIONS

As part of carrying out its mission, the Organization received pro-bono legal services amounting to $9,991,531 and $7,696,063 for the years ended June 30, 2020 and 2019, respectively, of which $410,812 and $2,104,904, respectively, were received from various law firms related to board members. As disclosed in Note 2 in "Donated Securities, Goods and Services," these amounts have not been reflected in the accompanying financial statements because management has indicated that it would not have been purchased these services if they were not donated.

NOTE 16. COVID-19 PANDEMIC

During the 2020 fiscal year, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Since March 2020, as a result of pandemic restrictions, the Organization has shifted to nearly all virtual programs and services. All legal proceedings, education programs, know-your-rights trainings and advocacy work has been carried out on virtual platforms. The fundraising events in 2020 were either canceled, postponed or held virtually and have yielded reduced fundings as well as reduced costs for events that were held virtually. Individual donations have increased through both internal and external fundraising campaigns and

NOTE 16. COVID-19 PANDEMIC (CONTINUED)

portals. Foundation revenue has held steady and there is increased revenue from existing foundations. As a result of the pandemic, the Organization has entered into new collaborations with nonprofit and media partners to offer increased know-your-rights presentations and to faciliate public dialogue on key program issues. Given the uncertainty of the situation, the duration of the disruption and related financial impact cannot be reasonably estimated at this time.

Paycheck Protection Program

On April 22, 2020, the Organization received loan proceeds of $562,130 under the Paycheck Protection Program ("PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP, for the loan to be eligible for forgiveness. The amount of loan forgiveness will be reduced by any amounts received by the Organization as an advance as part of the Economic Injury Disaster Loan program, made available through the Small Business Administration, that is ultimately converted to a grant.

The PPP loan matures two years from the date of first disbursement of proceeds to the Organization (the "PPP Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for at least the first six months and is payable in 18 equal consecutive monthly installments of principal and interest commencing upon the expiration of the deferral period of the PPP Loan Date.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the conditional contribution model within ASC 958-605. Under the conditional contribution model, the Organization recognizes the proceeds received as a refundable advance, and subsequently recognizes grant revenue as the conditions are met. Conditions are deemed to be met as the allowable expenses are incurred. The Organization deemed the conditional contribution model to be the most appropriate accounting policy for this arrangement based on the nature of the PPP loan program. The Organization recognized $414,979 in grant revenue under the PPP loan program during the year ended June 30, 2020, which is included in grant revenue on the statement of activities. As of June 30, 2020, $147,151 is included in refundable advances on the statement of activities related to the PPP loan program.