LATINOJUSTICE PRLDEF

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019
(with comparative information for the year ended June 30, 2018)

LATINOJUSTICE PRLDEF
FOR THE YEAR ENDED JUNE 30, 2019
(with comparative information for the year ended June 30, 2018)

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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, 2019, 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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited LatinoJustice PRLDEF's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 24, 2020

LATINOJUSTICE PRLDEF
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(with comparative information as of June 30, 2018)

	2019	2018
ASSETS		
Cash, cash equivalents, and restricted cash:		
Cash available for use in operations (inclusive of $293,144 in 2019 and $1,775 in 2018 of cash operating reserves)	$ 1,287,458	$ 1,764,476
Restricted cash	245,000	-
Certificates of deposit	500,000	8,850,000
Total cash, cash equivalents and restricted cash	2,032,458	10,614,476
Investments	4,354,642	4,173
Contributions and other receivables, net	640,885	661,115
Prepaid expenses and other assets	578,004	40,800
Property and equipment, net	2,775,719	-
TOTAL ASSETS	$ 10,381,708	$ 11,320,564
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 700,848	$ 206,008
Other liabilities	20,716	8,000
Total liabilities	721,564	214,008
Commitments and contingencies (Notes 2 and 11)		
Net assets:		
Without donor restrictions:		
Operating fund	4,355,736	9,555,643
Board-designated operating reserve	4,914,084	540,475
Total net assets without donor restrictions	9,269,820	10,096,118
With donor restrictions	390,324	1,010,438
Total net assets	9,660,144	11,106,556
TOTAL LIABILITIES AND NET ASSETS	$ 10,381,708	$ 11,320,564

See accompanying notes to financial statements.

LATINOJUSTICE PRLDEF
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(with summarized comparative financial information for the year ended June 30, 2018)

	2019					2018
	Without Donor Restrictions					
	Operating Fund	Board-Designated Operating Reserve	Total	With Donor Restrictions	Total	Summarized Total
Support and revenue:						
Contributions	$ 212,032	$ -	$ 212,032	$ 1,249,554	$ 1,461,586	$ 2,758,069
Grant revenue	294,250	-	294,250	-	294,250	294,537
Event revenue, net of direct donor benefits of $178,550 in 2019 and $133,320 in 2018	444,631	-	444,631	-	444,631	458,855
In-kind rent (Note 2)	281,572	-	281,572	-	281,572	315,182
Legal fees recovered, net	193,753	-	193,753	-	193,753	64,075
Education fees for service	17,325	-	17,325	-	17,325	37,890
Rental revenue	-	-	-	-	-	37,093
Interest and dividend income	34,132	-	34,132	-	34,132	7,551
Net appreciation (depreciation) of investments	122,812	-	122,812	-	122,812	(130)
Net assets released from restrictions and designations	4,496,059	(2,626,391)	1,869,668	(1,869,668)	-	-
Board designation of net assets	(7,000,000)	7,000,000	-	-	-	-
Total support and revenue	(903,434)	4,373,609	3,470,175	(620,114)	2,850,061	3,973,122
Expenses:						
Program services:						
Litigation	2,406,724	-	2,406,724	-	2,406,724	2,192,497
Education	283,027	-	283,027	-	283,027	304,051
Advocacy, community outreach and communications	727,664	-	727,664	-	727,664	497,404
Total program services	3,417,415	-	3,417,415	-	3,417,415	2,993,952
Support services:						
Administrative and general	612,860	-	612,860	-	612,860	568,782
Development	266,198	-	266,198	-	266,198	215,069
Total support services	879,058	-	879,058	-	879,058	783,851
Total expenses	4,296,473	-	4,296,473	-	4,296,473	3,777,803
Other income:						
Gain on sale of property and equipment	-	-	-	-	-	9,558,779
Change in net assets	(5,199,907)	4,373,609	(826,298)	(620,114)	(1,446,412)	9,754,098
Net assets - beginning	9,555,643	540,475	10,096,118	1,010,438	11,106,556	1,352,458
NET ASSETS - ENDING	$ 4,355,736	$ 4,914,084	$ 9,269,820	$ 390,324	$ 9,660,144	$ 11,106,556

See accompanying notes to financial statements.

LATINOJUSTICE PRLDEF
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(with summarized comparative financial information for the year ended June 30, 2018)

	2019									2018
	Program Services				Support 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	$1,729,347	$ 199,759	$ 473,821	$ 2,402,927	$ 422,940	$ 192,241	$ 615,181	$ -	$ 3,018,108	$ 2,469,956
Occupancy (includes in-kind rent of $281,572 in 2019 and $315,182 in 2018)	312,989	35,433	118,109	466,531	88,582	35,433	124,015	-	590,546	444,542
Professional fees	98,524	11,154	37,179	146,857	32,915	11,154	44,069	-	190,926	510,828
Telephone	9,347	1,058	3,527	13,932	2,645	1,058	3,703	-	17,635	14,209
Office	16,319	1,847	6,158	24,324	4,619	1,847	6,466	-	30,790	36,074
Non-capital equipment	36,751	4,161	13,868	54,780	10,401	4,161	14,562	-	69,342	69,311
Publications	15,693	1,777	5,922	23,392	4,442	1,777	6,219	-	29,611	29,448
Expert fees and court costs	24,100	-	-	24,100	-	-	-	-	24,100	19,106
Travel, conferences, meetings and other miscellaneous	120,891	22,997	52,943	196,831	34,214	13,686	47,900	170,176	414,907	247,586
Marketing and cultivation	14,357	1,625	5,418	21,400	4,063	1,625	5,688	8,374	35,462	34,796
Interest	-	-	-	-	-	-	-	-	-	2,414
Depreciation	28,406	3,216	10,719	42,341	8,039	3,216	11,255	-	53,596	32,853
	2,406,724	283,027	727,664	3,417,415	612,860	266,198	879,058	178,550	4,475,023	3,911,123
Less: expenses included with event revenue on the statement of activities	-	-	-	-	-	-	-	(178,550)	(178,550)	(133,320)
TOTAL EXPENSES	$2,406,724	$ 283,027	$ 727,664	$ 3,417,415	$ 612,860	$ 266,198	$ 879,058	$ -	$ 4,296,473	$ 3,777,803

See accompanying notes to financial statements.

LATINOJUSTICE PRLDEF
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(with comparative information as of June 30, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (1,446,412)	$ 9,754,098
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	53,596	32,853
Discount to present value for contributions and other receivables	(13,844)	(14,434)
Bad debt expense	41,489	-
Donated securities	(4,033)	(4,102)
Gain on sale of property and equipment	-	(9,558,779)
Adjustment for rent and maintenance fees at real estate closing	-	3,851
Net realized losses on investments	2,899	-
Net unrealized losses (gains) on investments	(125,711)	130
Changes in assets and liabilities:		
Contributions and other receivables	(7,415)	520,069
Prepaid expenses and other assets	(537,204)	(6,626)
Accounts payable and accrued expenses	494,840	(14,200)
Other liabilities	12,716	3,000
Net cash provided by (used in) operating activities	(1,529,079)	715,860
Cash flows from investing activities:		
Purchases of property and equipment	(2,829,315)	-
Proceeds from sale of property and equipment	-	9,764,735
Proceeds from sales of investments	15,672	22,288
Purchases of investments	(4,239,296)	-
Net cash provided by (used in) investing activities	(7,052,939)	9,787,023
Cash used in financing activities:		
Repayment of mortgage payable	-	(37,973)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(8,582,018)	10,464,910
Cash, cash equivalents, and restricted cash - beginning	10,614,476	149,566
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - ENDING	$ 2,032,458	$ 10,614,476
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ -	$ 2,414
Supplemental disclosures of noncash investing and financing activities:		
Noncash settlements at real estate closing:		
Real estate commissions and other closing costs	$ -	$ 476,871
Mortgage payoff	$ -	$ 154,543
Rent and maintenance fee adjustments	$ -	$ 3,851

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 periods. 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. Specifically, 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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (continued)

specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on estimates of time and effort incurred by personnel.

Recently Adopted Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which changes the presentation of not-for-profit financial statements. The ASU reduces the number of net asset classes from three to two and increases disclosures about financial measures and liquidity risks, among other changes. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows*, which changes the presentation of restricted cash within the statement of cash flows. The ASU requires that restricted cash be added to cash and cash equivalents on the statement of cash flows. The ASU has been applied retrospectively to all periods presented.

Accounting Pronouncements Issued but not yet Effective

Effective for the year ending June 30, 2020, the Organization will adopt FASB ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The new guidance provides clarification surrounding contributions received and made by not-for-profit entities, as well as new guidance related to the accounting for federal grants and similar contracts received by not-for-profit entities. The effect of adopting this new guidance on the Organization's financial statements is not expected to significantly impact the presentation of the financial statements.

Effective for the year ending June 30, 2020, the Organization will adopt FASB ASU No. 2014-09, *Revenue from Contracts with Customers*. The new guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU will replace most existing revenue recognition guidance in U.S. GAAP, including industry-specific guidance, when it becomes effective. The effect of adopting this new guidance on the Organization's financial statements is not expected to significantly impact the presentation of the financial statements.

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. This new guidance is effective for years beginning after December 15, 2020, with early adoptions permitted. The Organization does not anticipate that the adoption of ASU 2016-02 will have a material effect on its financial statements and related disclosures.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized as revenue in the period in which they are received or unconditionally promised. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met. Unconditional promises to give that are expected to be collected in future years are discounted and recorded at present value using a discount rate commensurate with the risk involved. Amortization of the discount is recorded as contributions revenue in accordance with donor-imposed restrictions, if any, on the original contributions.

The Organization reports contributions of gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations or time considerations as to their use. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions 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.

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, 2019 and 2018, 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 Accounting Standards Codification ("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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (continued)

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.

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 primarily using the straight-line method over the estimated useful lives of these assets, which range 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

Long-lived assets, such as property and equipment, are reviewed for impairment when events or circumstances indicate that their useful lives and/or carrying values may be impaired. No impairment loss has been recognized during the years ended June 30, 2019 and 2018.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. For the year ended June 30, 2018, $50,588 in pro-bono legal services was received in relation to the sale of the condominium units. The pro-bono legal services were 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.

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 $7,696,063 and $3,687,003 for the years ended June 30, 2019 and 2018, respectively, has not been reflected in the accompanying financial statements.

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 $281,572 and $315,182 for the years ended June 30, 2019 and 2018, respectively, which has been 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.

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, 2018, from which this summarized information was derived.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 24, 2020, the date on which these financial statements were available to be issued. During the 2020 calendar year, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Disruptions to the Organization's operations could occur as a result from quarantines of employees, and contributors and grantors in areas affected by the outbreak. Given the uncertainty of the situation, the duration of the disruption to the Organization and related financial impact cannot be reasonably estimated at this time. There were no additional 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, 2019:

Cash, cash equivalents and restricted cash	$ 2,032,458
Investments	4,354,642
Contributions and other receivables, net	640,885
Total financial assets at year-end	7,027,985
Less amounts not available to be used within one year:	
Restricted cash	(245,000)
Donor-restricted funds not available to support next year's operations	(105,167)
Board-designated funds, net of board-approved appropriations for next year's operations	(4,709,432)
Financial assets available to meet general expenditures within one year of the statement of financial position date	$ 1,968,386

NOTE 3. LIQUIDITY AND AVAILABILITY

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 $4,709,432 are available to the Organization for operations with board approval.

NOTE 4. CONTRIBUTIONS AND OTHER RECEIVABLES

As of June 30, 2019 and 2018, contributions and other receivables are due as follows:

	2019	2018
Receivable in less than one year	$ 651,155	$ 648,025
Receivable in one to five years	7,470	86,490
	658,625	734,515
Less: allowance for uncollectible contributions and other receivables	(17,740)	(59,556)
Less: discount to net present value	-	(13,844)
Contributions and other receivables, net	$ 640,885	$ 661,115

As of June 30, 2019, approximately 67% of the Organization's receivables was derived from three institutional donors. As of June 30, 2018, approximately 41% of the Organization's receivables was derived from two institutional donors.

Based on management's experience, the aging of contributions and other receivables, subsequent receipts and current economic conditions, $17,740 and $59,556 have been reserved for collections of contributions and other receivables as of June 30, 2019 and 2018, respectively.

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).

NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2019 and 2018:

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	

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, 2018	Valuation Technique
Exchange-traded funds:					
Health - biotechnology	$ 4,173	$ -	$ -	$ 4,173	(a)
Total	$ 4,173	$ -	$ -	$ 4,173	

NOTE 5. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

B*onds:* 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.

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

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.

NOTE 6. PROPERTY AND EQUIPMENT

As of June 30, 2019 and 2018, property and equipment, at cost, consisted of the following:

	2019	2018
Leasehold improvements	$ 2,441,981	$ -
Furniture, fixtures and equipment	387,334	682,897
Legal library	-	208,239
	2,829,315	891,136
Less: accumulated depreciation	53,596	891,136
	$ 2,775,719	$ -

Depreciation expense was $53,596 and $32,853 for the years ended June 30, 2019 and 2018, respectively.

NOTE 7. NET ASSETS RELEASED FROM RESTRICTIONS

For the year ended June 30, 2019, 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)	$ 37,453
Immigrant Justice (GOS)	365,000
Voting Rights Project	56,730
Justice Reform Collaborative	116,667
Criminal Justice Reform	959,358
Rebuilding Puerto Rico	166,583
LAW Special Project	70,000
CAP Leadership Institute	8,333
Capital campaign - time-restricted	33,763
Annual fund - time-restricted	5,562
Other	50,219
	$ 1,869,668

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions available for program services at June 30, 2019 and 2018, are as follows:

	2019	2018
Immigrant Justice (Long Island)	$ 30,604	$ 24,347
Immigrant Justice (GOS)	68,333	333,333
Voting Rights Project	-	56,730
Justice Reform Collaborative	-	116,667
Criminal Justice Reform	235,417	144,775
Rebuilding Puerto Rico	-	166,583
LAW Special Project	-	70,000
CAP Leadership Institute	-	8,333
Capital campaign - time-restricted	9,910	43,673
Annual fund - time-restricted	4,060	9,622
Other	42,000	36,375
	$ 390,324	$ 1,010,438

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, 2019, 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.

For the years ended June 30, 2019 and 2018, two institutional donors accounted for approximately 55% and 38% of total contributions and 29% and 28% of total support and revenue, respectively.

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, 2019 and 2018, marketing and cultivation costs totaled $35,462 and $34,796, 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
2020	$ 226,380
2021	211,873
2022	211,878
2023	215,586
2024	219,359
Thereafter	975,790
	$ 2,060,866

Rent expense for the years ended June 30, 2019 and 2018, amounted to $505,260 and $340,686, respectively. Rent expense for the years ended June 30, 2019 and 2018, reflects $281,572 and $315,182, respectively, 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
2020	$ 11,503
2021	11,503
2022	11,503
2023	9,586
	$ 44,095

Equipment lease expense for the years ended June 30, 2019 and 2018, amounted to $14,778 and $23,170, 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, 2019, the Organization had a total of 27 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, 2019 and 2018, the Organization made contributions to the plan amounting to $45,732 and $37,470, 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, 2019 and 2018, was as follows:

	2019	2018
Balance, beginning of year	$ 540,475	$ 733,814
Add:		
Transfer of net assets without restriction	7,000,000	-
Sub-total	7,540,475	733,814
Less:		
Mortgage principal and interest payments	-	193,339
NYC occupancy payments	2,626,391	-
Balance, end of year	$ 4,914,084	$ 540,475

The Board of Directors of the Organization had decided, in prior years, to designate a portion of its net assets without donor restrictions to be used for debt service obligations. Upon the sale of the condominium units and the payoff of the mortgage during fiscal year 2018, the board redesignated these reserves to be used for future 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 $7,696,063 and $3,687,003 for the years ended June 30, 2019 and 2018, respectively, of which $2,104,904 and $723,735, 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.

Additionally, for the year ended June 30, 2018, the Organization received $50,588 of pro-bono legal services from a law firm related to a board member in relation to the sale of the condominium units. As disclosed in Note 2 in "Donated Securities, Goods and Services," the Organization recognized the value of these services 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.