

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND STATE SINGLE AUDIT REPORTS**

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022**

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Connecticut Legal Rights Project, Inc.

Opinion

We have audited the financial statements of Connecticut Legal Rights Project Inc. (CLRP), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CLRP as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CLRP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CLRP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CLRP's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CLRP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedules of Expenses by Object and Funding Source for General Advocacy, Housing Support Advocacy, Management and General, and Fundraising for the year ended June 30, 2022 are presented as supplementary information for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Expenses by Object and Funding Source for General Advocacy, Housing Support Advocacy, Management and General, and Fundraising are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023, on our consideration of CLRP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CLRP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

Marcum LLP

New Haven, CT
February 14, 2023

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

Assets

Current Assets

Cash and cash equivalents	\$ 654,808
Unconditional promises to give	43,634
Prepaid expenses	<u>16,792</u>

Total Current Assets 715,234

Property and Equipment

Computer equipment	33,180
Computer software	40,423
Office equipment	<u>2,333</u>

	75,936
Less, accumulated depreciation	<u>61,024</u>

Total Property and Equipment, net 14,912

Total Assets \$ 730,146

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	<u>121,350</u>
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Total Current Liabilities 121,350

Net Assets

With donor restrictions	43,634
Without donor restrictions	<u>565,162</u>

Total Net Assets 608,796

Total Liabilities and Net Assets \$ 730,146

The accompanying notes are an integral part of these financial statements.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants, contracts, and contributions			
State	\$ --	\$ 1,273,669	\$ 1,273,669
Foundations	--	87,272	87,272
In-kind contributions	--	179,192	179,192
Paycheck Protection Program loan forgiveness	--	--	--
Other income	51,538	--	51,538
	51,538	1,540,133	1,591,671
Net Assets Released from Time Restrictions	1,685,209	(1,685,209)	--
Total Support and Revenue	1,736,747	(145,076)	1,591,671
Expenses and Losses			
Program services			
General Advocacy	1,325,736	--	1,325,736
Housing Support Advocacy	91,345	--	91,345
	1,417,081	--	1,417,081
Management and general	343,554	--	343,554
Fundraising	32,166	--	32,166
Total Expenses and Losses	1,792,801	--	1,792,801
Change in Net Assets	(56,054)	(145,076)	(201,130)
Net Assets - Beginning of year	621,216	188,710	809,926
Net Assets - End of year	\$ 565,162	\$ 43,634	\$ 608,796

The accompanying notes are an integral part of these financial statements.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Management and General	Fundraising	Total
	General Advocacy	Housing Support Advocacy	Total			
Salaries	\$ 849,689	\$ 63,844	913,533	\$ 205,217	\$ 25,011	\$ 1,143,761
Payroll taxes and benefits	227,432	17,092	244,524	54,822	6,680	306,026
Computers/IT	41,998	--	41,998	--	--	41,998
Audit	--	--	--	20,307	--	20,307
Insurance	--	--	--	19,889	--	19,889
Consultant	14,250	--	14,250	--	--	14,250
Library	11,888	--	11,888	--	--	11,888
CID Advocacy	10,600	--	10,600	--	--	10,600
Litigation	6,681	--	6,681	--	--	6,681
Telephone	5,128	--	5,128	--	--	5,128
Conferences	4,708	--	4,708	--	--	4,708
Attorney tax	3,840	--	3,840	--	--	3,840
Dues	3,382	--	3,382	--	--	3,382
Payroll service	--	--	--	3,082	--	3,082
Temporary services	2,696	--	2,696	--	--	2,696
Lobbying	2,647	--	2,647	--	--	2,647
Pension plan admin fees	--	--	--	1,727	--	1,727
Travel	1,010	--	1,010	--	--	1,010
Office supplies	--	--	--	957	--	957
Fees	835	--	835	--	--	835
Fundraising	--	--	--	--	475	475
Printing	431	--	431	--	--	431
Postage	--	--	--	22	--	22
Depreciation	5,400	406	5,806	1,463	--	7,269
In-kind						
Occupancy	86,918	6,531	93,449	23,551	--	117,000
Utilities	37,145	2,791	39,936	10,064	--	50,000
Janitorial services	4,681	352	5,033	1,267	--	6,300
Office supplies	4,377	329	4,706	1,186	--	5,892
Total Functional Expenses	<u>\$ 1,325,736</u>	<u>\$ 91,345</u>	<u>\$ 1,417,081</u>	<u>\$ 343,554</u>	<u>\$ 32,166</u>	<u>\$ 1,792,801</u>

The accompanying notes are an integral part of these financial statements.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities	
Change in net assets	\$ (201,130)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	7,269
Changes in assets and liabilities:	
Prepaid expenses	15,339
Unconditional promises to give	19
Accounts payable and accrued expenses	<u>18,698</u>
Net Cash Used in Operating Activities	<u>(159,805)</u>
Cash Flows Used in Investing Activities	
Purchase of property and equipment	<u>(9,604)</u>
Net Change in Cash and Cash Equivalents	(169,409)
Cash and Cash Equivalents - Beginning	<u>824,217</u>
Cash and Cash Equivalents - Ending	<u>\$ 654,808</u>

The accompanying notes are an integral part of these financial statements.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Connecticut Legal Rights Project, Inc. (CLRP) is a not-for-profit corporation organized under the laws of the State of Connecticut. CLRP provides legal assistance, counsel and representation to adults receiving, or eligible for, services from the Connecticut Department of Mental Health and Addiction Services in either inpatient or community settings. CLRP is supported primarily by the State of Connecticut Department of Mental Health and Addiction Services (DMHAS), the Connecticut Bar Foundation's (CBF) Interest on Lawyers' Trust Accounts Program (IOLTA), Court Fees Grant-in-Aid (CFGIA) and Judicial Branch Grant-in-Aid (JBGIA).

BASIS OF PRESENTATION

The financial statements of CLRP are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods or services is incurred, regardless of the timing of cash flows.

Net assets of CLRP are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Association. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state or federal laws. At June 30, 2022, CLRP had net assets with donor restrictions of \$43,634, representing unearned revenue from contributions and grant award programs.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

CLRP considers all highly liquid instruments with an original maturity of three months or less when purchased, and its money market mutual fund, to be cash and cash equivalents.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the estimated useful lives of assets and accrued expenses. Actual results could differ from those estimates.

GRANTS AND CONTRACTS

CLRP derives its revenues primarily from grants from the State of Connecticut. Grant revenues from state agencies that are nonreciprocal are treated like contributions. If the grant or contract is conditional, a barrier to entitlement exists. Revenue is recognized to the extent that related expenses are incurred thereby overcoming the barrier to entitlement. Cash received in excess of amounts expended are recognized as net assets with donor restrictions in the statement of financial position. Some of these funds may ultimately be due back to granting agencies depending on the expenditure requirements of the agencies.

CONTRIBUTIONS

Unrestricted and unconditional contributions are recognized as support when awarded or pledged, if applicable. Contributions are reported as donor restricted support if they are received with donor stipulations that limit the use of such assets either by the passage of time or completion of a particular program. When a 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.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DONATED ITEMS

CLRP reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, CLRP reports expirations of donor restrictions in full when the donated or acquired long-lived assets are placed in service. There were no donated assets during the year ended June 30, 2022.

CLRP recognizes donated services if they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation. As detailed in Note 3, CLRP has recognized amounts for rent, office supplies, and other costs, provided by the State of Connecticut, within its financial statements.

PROPERTY AND EQUIPMENT

Property and equipment acquisitions and substantial improvements thereon that individually exceed \$500 and have an estimated useful life exceeding one year are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Additions, renewals, and betterments that significantly extend the life of the asset are capitalized. Repairs and maintenance are charged to expense as incurred. Management reviews property and equipment annually or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

IMPAIRMENT OF LONG-LIVED ASSETS

Accounting principles generally accepted in the United States of America requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted cash flows generated by the assets. No impairment losses have been recorded to date.

ACCRUED ANNUAL LEAVE

CLRP employees may accumulate up to 1.67 days per month of leave time and are entitled to payment of any unused time up to four weeks upon separation from employment.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL EXPENSES

CLRP allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classification. All other expenses are allocated based on estimates of time and effort, and other allocation metrics, depending on the nature of the expense.

INCOME TAXES

CLRP is a not-for-profit organization and is exempt from federal and state income taxes on exempt functional income as a public charity under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require CLRP management to evaluate tax positions taken by CLRP and recognize a tax liability (or asset) if it has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken by CLRP, and has concluded that as of June 30, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. In addition, CLRP has no unrelated business income. CLRP is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through February 14, 2023, the date the financial statements were available for issuance. Subsequent to year-end, CLRP received a substantial settlement from a case settled in August 2022. Management is in the process of determining the effect, if any, that this settlement will have on future funding. Other than the matter noted above, no events requiring recognition or identification in the financial statements were identified.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 – CONCENTRATION OF CREDIT RISK

CLRP’s financial instruments that are exposed to concentrations of credit risk consist of cash, cash equivalents, and its certificate of deposit investment. At June 30, 2022, the carrying amount of these funds totaled \$654,808. The bank balances of these accounts totaled \$666,489, and all funds were covered by the Federal Deposit Insurance Corporation (FDIC).

NOTE 3 – IN-KIND CONTRIBUTIONS

CLRP occupies office space under a consent decree with the DMHAS. The consent decree contains provisions that provide CLRP with office space, office supplies, utilities, janitorial services and the use of furniture as an in-kind contribution for a period as long as CLRP is located in a DMHAS facility. The value of these non-cash contributions as determined by DMHAS are \$179,192 for the year ended June 30, 2022 and consisted of the following:

Occupancy	\$	117,000
Utilities		50,000
Janitorial services		6,300
Office supplies		<u>5,892</u>
	\$	<u>179,192</u>

These non-cash contributions and services have been reported in the statement of activities and changes in net assets as both support and expenses for the year ended June 30, 2022.

NOTE 4 – EMPLOYEE BENEFIT PLAN

CLRP maintains a tax-sheltered annuity plan that is available to all employees who work at least 20 hours per week as defined in the plan. Employees can make contributions up to \$19,500 per calendar year with an additional \$6,500 catch up for employees over 50 years of age. For the year ended June 30, 2022, CLRP made \$80,232 in contributions

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 – PRINCIPAL FUNDING SOURCES

CONNECTICUT BAR FOUNDATION

CLRP has received direct funding from the Connecticut Bar Foundation (CBF) from its Interest on Lawyers Trust Account (IOLTA) program, as well as pass through funding through the CBF from the State of Connecticut Judicial Branch under its Judicial Grants-In-Aid (JBGIA) and Court Fees Grants-In-Aid programs (CFGIA). The CFGIA program resulted from the Connecticut State Legislature increasing court filing fees and directing those funds to be distributed through the CBF to non-profit legal service providers.

The IOLTA program supports general operations of CLRP. Revenue for the year ended June 30, 2022 of \$87,291 was based on costs charged to awards encompassing the periods January 1, 2021 through December 31, 2021 and January 1, 2022 through December 31, 2022.

The JBGIA and CFGIA funds are also for the general operations of CLRP. Awards for 2022 were \$54,440 and \$338,510, respectively for each of these programs. Revenue was recognized of \$54,440 and \$528,567 from awards covering the periods January 1, 2021 through December 31, 2021 and January 1, 2022 through December 31, 2022.

CLRP serves the needs of individuals within the federal poverty income limits, does not discriminate in providing its services, has cooperated with data collection activities of the CBF and complied with the assurances and application guidelines it has submitted to the CBF.

STATE OF CONNECTICUT DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS)

CLRP has received funding from DMHAS to provide consent services to indigent patients at state-operated treatment facilities throughout Connecticut. DMHAS funding for inpatient services are provided pursuant to a consent order issued in 1989 which mandated state payments to support a legal assistance program. These legal services encompass the areas of admissions, treatment, environmental conditions, discharge, and other hospital-related rights under state or federal policies and laws. For the 2022 year, CLRP recognized revenue of \$734,426 based upon expenses charged to the program, as well as an additional amount of \$179,192 based upon in-kind revenue/expenses provided to CLRP by the State for operating the program.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 – PRINCIPAL FUNDING SOURCES (CONTINUED)

STATE OF CONNECTICUT DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS) (CONTINUED)

Additional revenue of \$101,293 was also recognized by CLRP under DMHAS's Community Grant program for the year ended June 30, 2022.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

CLRP receives a significant part of its support from grants, contracts, and contributions received from State of Connecticut agencies and not-for-profit foundations. Support above and beyond that mandated for inpatient clients under the consent order could be subject to reduction or termination in future years. Any significant reduction in these revenues could have a negative impact on CLRP's program services.

CLRP has received funding from the State of Connecticut as well as private foundations and agencies, and has charged costs to each of these sources. The final determination of the allowability of these costs rests with the funding sources although CLRP management believes that any disallowances would be immaterial to its operations.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES

CLRP's primary sources of support are derived from grants, contracts, and contributions. Financial assets in excess of daily cash requirements are invested in money market funds.

The following table reflects CLRP's financial assets as of June 30, 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also include donor restricted balances.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Financial Assets at Year-End	
Cash and cash equivalents	\$ 654,808
Unconditional promises to give	<u>43,634</u>
Total Financial Assets Available at Year-End	698,442
Less Contractual or Donor-Imposed Restrictions	
Restricted by donors with time or purpose restriction	<u>43,634</u>
Financial Assets Available to Meet Cash Needs for	
General Expenditures Within One Year	<u>\$ 654,808</u>

NOTE 8 – RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which continues to spread throughout the United States and the world. CLRP continues to monitor the outbreak of COVID-19 and the related business and travel restrictions and its impact on operations, financial position, cash flows, in addition to the impact on its employees. The duration of the pandemic and its impact on CLRP's operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of CLRP, at the time of issuance, the impact could not be determined.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE I – EXPENSES BY OBJECT AND FUNDING SOURCE – GENERAL ADVOCACY

FOR THE YEAR ENDED JUNE 30, 2022

	CT Dept of Mental Health and Addiction Services Consent Contract No. 21MHA6000	CT Bar Foundation IOLTA	CT Bar Foundation Judicial Branch Grant-in-Aid	CT Bar Foundation Court Fees Grant-in-Aid	Other Services	Total
Salaries	\$ 403,169	\$ 46,955	\$ 34,342	\$ 302,275	\$ 62,948	\$ 849,689
Payroll taxes and benefits	109,884	12,601	9,161	78,469	17,317	227,432
Computers	20,999	4,200	--	16,799	--	41,998
Library	5,944	1,189	--	4,755	--	11,888
Consultant	14,250	--	--	--	--	14,250
Temporary services	1,349	220	--	1,127	--	2,696
Conferences	2,354	471	--	1,883	--	4,708
Telephone	2,564	513	--	2,051	--	5,128
Travel	505	101	--	404	--	1,010
CID Advocacy	--	--	--	--	10,600	10,600
Dues	1,691	338	--	1,353	--	3,382
Attorney tax	3,840	--	--	--	--	3,840
Depreciation	2,563	298	218	1,921	400	5,400
Litigation	6,681	--	--	--	--	6,681
Lobbying	2,647	--	--	--	--	2,647
Printing	216	43	--	172	--	431
Fees	418	83	--	334	--	835
In-kind						
Occupancy	41,242	4,803	3,513	30,921	6,439	86,918
Utilities	17,625	2,053	1,501	13,214	2,752	37,145
Janitorial services	2,221	259	189	1,665	347	4,681
Office supplies	2,077	242	177	1,557	324	4,377
Total General Advocacy	<u>\$ 642,239</u>	<u>\$ 74,369</u>	<u>\$ 49,101</u>	<u>\$ 458,900</u>	<u>\$ 101,127</u>	<u>\$ 1,325,736</u>

See independent auditors' report.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

**SCHEDULE II – EXPENSES BY OBJECT AND
FUNDING SOURCE – HOUSING SUPPORT ADVOCACY**

FOR THE YEAR ENDED JUNE 30, 2022

	CT Dept of Mental Health and Addiction Services Contract No. <u>21MHA6001</u>
Salaries	\$ 63,844
Payroll taxes and benefits	17,092
Depreciation	406
In-kind	
Occupancy	6,531
Utilities	2,791
Janitorial services	352
Office supplies	<u>329</u>
Total Housing Support Advocacy	<u>\$ 91,345</u>

See independent auditors' report.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE III – EXPENSES BY OBJECT AND FUNDING SOURCE - MANAGEMENT AND GENERAL

FOR THE YEAR ENDED JUNE 30, 2022

	JBGIA Community	CT Bar Foundation IOLTA	CT Bar Foundation Court Fees Grant-in-Aid	CT Dept of Mental Health and Addiction Services Consent Contract No. 21MHA6000	Other Services	Total
Salaries	\$ 8,632	\$ 10,365	\$ 65,466	\$ 105,810	\$ 14,944	\$ 205,217
Payroll taxes and benefits	2,305	2,785	16,939	28,682	4,111	54,822
Audit	--	2,031	8,123	10,153	--	20,307
Insurance	--	1,989	7,956	9,944	--	19,889
Payroll service	--	308	1,233	1,541	--	3,082
Pension plan admin fees	--	173	691	863	--	1,727
Depreciation	55	75	487	751	95	1,463
Office supplies	--	96	384	477	--	957
Postage	--	2	9	11	--	22
In-kind						
Occupancy	883	1,207	7,836	12,095	1,530	23,551
Utilities	377	516	3,349	5,169	653	10,064
Janitorial services	48	65	422	651	81	1,267
Office supplies	44	61	395	609	77	1,186
Total Management and General	<u>\$ 12,344</u>	<u>\$ 19,673</u>	<u>\$ 113,290</u>	<u>\$ 176,756</u>	<u>\$ 21,491</u>	<u>\$ 343,554</u>

See independent auditors' report.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE IV – EXPENSES BY OBJECT AND FUNDING SOURCE - FUNDRAISING

FOR THE YEAR ENDED JUNE 30, 2022

	CT Dept of Mental Mental Health and Addiction Services Contract No. 21MHA6001	CT Bar Foundation Court Fees Grant-in-Aid	CT Bar Foundation IOLTA	Total
Salaries	\$ 12,435	\$ 11,140	\$ 1,436	\$ 25,011
Payroll taxes and benefits	3,321	2,975	384	6,680
Other	<u>237</u>	<u>190</u>	<u>48</u>	<u>475</u>
Total Fundraising	<u>\$ 15,993</u>	<u>\$ 14,305</u>	<u>\$ 1,868</u>	<u>\$ 32,166</u>

See independent auditors' report.

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

To The Board of Directors
Connecticut Legal Rights Project, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Connecticut Legal Rights Project, Inc. (CLRP), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2023.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Marcum LLP

New Haven, CT
February 14, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM: REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

To The Board of Directors
Connecticut Legal Rights Project, Inc.

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM

OPINION ON MAJOR STATE PROGRAM

We have audited Connecticut Legal Rights Project Inc. (CLRP)'s compliance with the types of compliance requirements described in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on each of CLRP's major state programs for the year ended June 30, 2022. The CLRP's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, CLRP complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state programs for the year ended June 30, 2022.

BASIS FOR OPINION ON EACH MAJOR STATE PROGRAM

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the State Single Audit Act (C.G.S. Sections 4 - 230 to 4 - 236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CLRP and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of CLRP's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to CLRP's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CLRP's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CLRP's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CLRP's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CLRP's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of CLRP's internal control over compliance. Accordingly, no such opinion is expressed.

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a

combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

We have audited the financial statements of CLRP, as of and for the year ended June 30, 2022 and have issued our report thereon dated February 14, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Marcum LLP

New Haven, CT
February 14, 2023

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Program Title	Contract/Grant Number	State Grant Program Core-CT Number	Expenditures
Connecticut Department of Mental Health and Addiction Services (DMHAS)			
Consent Advocacy	21MHA6000	*	\$ 885,371
Community Advocacy	21MHA6001	*	<u>97,397</u>
Total DMHAS Expenditures			<u>982,768</u>
Judicial Branch:			
Passed through from the Connecticut Bar Foundation			
Court Fees Grant-In-Aid		34001-JUD95000-22009	528,567
Judicial Branch Grant-In-Aid		11000-JUD95131-22004	<u>54,440</u>
	Total Judicial Branch Expenditures		<u>583,007</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,565,775</u>

* There is no CORE-CT Number associated with these programs.

See notes to schedule of expenditures of state financial assistance.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2022

The accompanying Schedule of Expenditures of State Financial Assistance includes grant activity of CLRP under programs of the State of Connecticut for the fiscal year ended June 30, 2022. The State of Connecticut, including its Department of Mental Health and Addiction Service and the Judicial Branch provide financial assistance to CLRP through grants and other authorizations in accordance with General Statutes of the State of Connecticut.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of CLRP conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The information in the Schedule of Expenditures of State Financial Assistance is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

BASIS OF PRESENTATION

The expenditures reported on the Schedule of Expenditures of State Financial assistance are reported on the accrual basis of accounting, consistent with the preparation of the financial statements.

NOTE 2 – IN-KIND - DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES (DMHAS)

Included in the schedule of expenditures of state financial assistance for the DMHAS Consent Advocacy program is \$179,192 representing in-kind contributions provided and valued by DMHAS, and recognized in CLRP's financial statements, for occupancy costs (\$50,000), utilities (\$117,000), janitorial services (\$6,300) and office supplies (\$5,892).

NOTE 3 – SUBRECIPIENTS

CLRP had no subrecipients for the year ended June 30, 2022.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified yes x none reported

Noncompliance material to financial statements noted? yes x no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified yes x none reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? yes x no

- The following schedule reflects the major programs included in the audit:

State Grantor/Program	State Grant Program Core-CT Number	Expenditures
Department of Mental Health and Addiction Services:		
General Advocacy	-	\$ 885,371
Judicial Branch		
Passed through from the Connecticut Bar Foundation		
Court Fees Grant-in Aid	34001-JUD95000-22009	\$ 528,567

Dollar threshold to distinguish between type A and type B programs: \$200,000

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

II. SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS REQUIRED BY GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

- We issued a reports, dated February 14, 2023, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance or other matters.
- Our report on internal control over financial reporting indicated no material weaknesses.

III. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE

There were no findings or questioned costs related to state financial assistance programs.

CONNECTICUT LEGAL RIGHTS PROJECT, INC.

SUMMARY OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2022

There were no findings related to state financial assistance programs reported in the prior year.