

Bet Tzedek Legal Services

Financial Statements
and Single Audit Reports and Schedules

August 31, 2020
(With Comparative Totals for 2019)



TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 21
Single Audit Reports and Schedules	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23 - 24
Independent Auditor's Report on Compliance for Each Major Program, Internal Control Over Compliance, and on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	25 - 26
Schedule of Expenditures of Federal Awards	27 - 29
Notes to Schedule of Expenditures of Federal Awards	30
Schedule of Findings and Questioned Costs	31 - 32
Summary Schedule of Prior Audit Findings	33

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bet Tzedek Legal Services
Los Angeles, California

We have audited the accompanying financial statements of Bet Tzedek Legal Services (the "Organization"), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bet Tzedek Legal Services as of August 31, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020, on our consideration of the Organization'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 the Organization'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 Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Bet Tzedek Legal Services' 2019 financial statements, and our report dated January 20, 2020 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Armanino^{LLP}
Los Angeles, California

December 28, 2020

Bet Tzedek Legal Services
Statement of Financial Position
August 31, 2020
(With Comparative Totals for 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 6,210,782	\$ 3,225,402
Restricted cash	-	10,030
Investments	10,454,146	9,662,756
Contributions and grants receivable	1,500,715	1,409,203
Prepaid expenses and other assets	182,635	173,228
Property and equipment, net	45,139	70,609
Total assets	\$ 18,393,417	\$ 14,551,228
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 809,677	\$ 1,271,587
Refundable advance (Paycheck Protection Program) (Note 7)	191,653	-
Deferred rent	166,436	242,435
Deferred revenue	636,645	323,110
Total liabilities	1,804,411	1,837,132
Commitments and contingencies (Notes 12 and 14)		
Net assets		
Without donor restrictions	9,597,255	6,076,716
With donor restrictions	6,991,751	6,637,380
Total net assets	16,589,006	12,714,096
Total liabilities and net assets	\$ 18,393,417	\$ 14,551,228

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

Bet Tzedek Legal Services
Statement of Activities
For the Year Ended August 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenues, gains, and support				
Donated subscriptions and services	\$ 3,783,040	\$ -	\$ 3,783,040	\$ 5,236,029
Private grants	2,483,075	2,321,096	4,804,171	5,127,317
Fundraising from special events, net of direct costs of \$416,808 and \$439,286, respectively	1,932,005	-	1,932,005	1,544,466
Federal funds	1,376,243	-	1,376,243	1,467,251
Non-federal government grants	1,462,583	897,788	2,360,371	1,318,077
General contributions	721,029	-	721,029	832,750
Cy Pres	923,789	-	923,789	493,816
Paycheck Protection Program grant	1,208,247	-	1,208,247	-
Program service fees	12,905	-	12,905	80,201
Investment income appropriated for operations	<u>331,700</u>	<u>-</u>	<u>331,700</u>	<u>288,867</u>
Total revenues, gains, and support	<u>14,234,616</u>	<u>3,218,884</u>	<u>17,453,500</u>	<u>16,388,774</u>
Net assets released from restriction	<u>3,540,467</u>	<u>(3,540,467)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and support	<u>17,775,083</u>	<u>(321,583)</u>	<u>17,453,500</u>	<u>16,388,774</u>
Functional expenses				
Program services	12,476,922	-	12,476,922	13,205,334
Management and general	1,126,595	-	1,126,595	942,144
Fundraising	<u>834,256</u>	<u>-</u>	<u>834,256</u>	<u>745,424</u>
Total functional expenses	<u>14,437,773</u>	<u>-</u>	<u>14,437,773</u>	<u>14,892,902</u>
Change in net assets from operations	<u>3,337,310</u>	<u>(321,583)</u>	<u>3,015,727</u>	<u>1,495,872</u>
Non-operating investing activity				
Interest and dividends, net of fees	159,502	147,490	306,992	321,365
Realized and unrealized gains	355,427	528,464	883,891	12,254
Investment income appropriated for operations	<u>(331,700)</u>	<u>-</u>	<u>(331,700)</u>	<u>(288,867)</u>
Total non-operating investing activity	<u>183,229</u>	<u>675,954</u>	<u>859,183</u>	<u>44,752</u>
Change in net assets	3,520,539	354,371	3,874,910	1,540,624
Net assets, beginning of year	<u>6,076,716</u>	<u>6,637,380</u>	<u>12,714,096</u>	<u>11,173,472</u>
Net assets, end of year	<u>\$ 9,597,255</u>	<u>\$ 6,991,751</u>	<u>\$ 16,589,006</u>	<u>\$ 12,714,096</u>

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

Bet Tzedek Legal Services
Statement of Functional Expenses
For the Year Ended August 31, 2020
(With Comparative Totals for 2019)

	Program Services				Support Services			2020 Total	2019 Total
	Workers	Seniors	Rapid Response	Total Program Services	Management and General	Fundraising	Total Support Services		
Personnel expenses	\$ 1,228,090	\$ 3,557,081	\$ 2,392,940	\$ 7,178,111	\$ 978,108	\$ 619,749	\$ 1,597,857	\$ 8,775,968	\$ 7,932,205
Donated subscriptions and services	980,655	1,555,269	1,247,116	3,783,040	-	-	-	3,783,040	5,236,029
Staff training and education	13,542	36,394	24,545	74,481	6,297	3,646	9,943	84,424	125,241
Books and research materials	3,902	10,487	7,074	21,463	-	-	-	21,463	33,117
Depreciation and amortization	6,756	18,158	12,247	37,161	4,153	2,404	6,557	43,718	21,147
Insurance	11,042	29,676	20,015	60,733	6,788	3,930	10,718	71,451	59,729
Consulting fees	34,215	91,953	62,013	188,181	16,151	120,475	136,626	324,807	182,869
Litigation costs	11,543	31,021	20,920	63,484	-	-	-	63,484	43,037
Professional fees	14,700	39,506	26,642	80,848	5,200	3,011	8,211	89,059	95,515
Office expenses	78,340	210,539	139,397	428,276	47,111	44,690	91,801	520,077	537,930
Rent	73,150	196,592	131,221	400,963	44,966	26,033	70,999	471,962	473,584
Temporary help	19,922	53,541	36,109	109,572	12,246	7,090	19,336	128,908	49,706
Expenses related to fundraising events	-	-	-	-	-	416,808	416,808	416,808	439,286
Travel	9,202	24,730	16,677	50,609	5,575	3,228	8,803	59,412	102,793
Total expenses	<u>2,485,059</u>	<u>5,854,947</u>	<u>4,136,916</u>	<u>12,476,922</u>	<u>1,126,595</u>	<u>1,251,064</u>	<u>2,377,659</u>	<u>14,854,581</u>	<u>15,332,188</u>
Less expenses included with revenues on the statement of activities									
Expenses related to fundraising events	-	-	-	-	-	(416,808)	(416,808)	(416,808)	(439,286)
Total expenses included in the expense section on the statement of activities	<u>\$ 2,485,059</u>	<u>\$ 5,854,947</u>	<u>\$ 4,136,916</u>	<u>\$ 12,476,922</u>	<u>\$ 1,126,595</u>	<u>\$ 834,256</u>	<u>\$ 1,960,851</u>	<u>\$ 14,437,773</u>	<u>\$ 14,892,902</u>
Percentage of total	<u>17.2 %</u>	<u>40.5 %</u>	<u>28.7 %</u>	<u>86.4 %</u>	<u>7.8 %</u>	<u>5.8 %</u>	<u>13.6 %</u>	<u>100.0 %</u>	

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

Bet Tzedek Legal Services
Statement of Cash Flows
For the Year Ended August 31, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 3,874,910	\$ 1,540,624
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized gains on investments	(883,891)	(12,254)
Depreciation and amortization	43,718	21,147
Contributions restricted for endowment	-	(69,214)
Changes in operating assets and liabilities		
Contributions and grants receivable	(91,512)	(377,982)
Prepaid expenses and other assets	(9,407)	(81,297)
Accounts payable and accrued expenses	(461,910)	575,696
Deferred rent	(75,999)	(66,393)
Deferred revenue	313,535	24,340
Refundable advance (Paycheck Protection Program)	191,653	-
Net cash provided by operating activities	<u>2,901,097</u>	<u>1,554,667</u>
Cash flows from investing activities		
Purchase of investments	(1,007,199)	(1,905,633)
Proceeds from sale of investments	1,099,700	488,868
Payments received on notes receivable	-	328,000
Purchase of property and equipment	(18,248)	(37,717)
Net cash provided by (used in) investing activities	<u>74,253</u>	<u>(1,126,482)</u>
Cash flows from financing activities		
Proceeds from contributions restricted for endowment	-	69,214
Net cash provided by financing activities	<u>-</u>	<u>69,214</u>
Net increase in cash	2,975,350	497,399
Cash, cash equivalents and restricted cash, beginning of year	<u>3,235,432</u>	<u>2,738,033</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 6,210,782</u>	<u>\$ 3,235,432</u>
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 6,210,782	\$ 3,225,402
Restricted cash	<u>-</u>	<u>10,030</u>
	<u>\$ 6,210,782</u>	<u>\$ 3,235,432</u>

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

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

1. NATURE OF OPERATIONS

For nearly 50 years, Bet Tzedek has been dedicated to addressing the urgent legal services needs of the most vulnerable people in our community. Staff provide a continuum of free legal services, including community education and outreach, direct representation, self-help guidance, policy advocacy, and impact litigation. These efforts are supported and amplified by the agency enlisting thousands of volunteers every year that expand the reach and impact of Bet Tzedek's work in the community. Services are provided through three core program areas:

- **JUSTICE FOR SENIORS:** The need for senior-focused legal services has dramatically increased as L.A. County—like the rest of the nation—experiences an explosion of its senior population as Baby Boomers age and life expectancies continue to rise. At the same time, poverty rates among older individuals continue to rise, and seniors have the troubling distinction of being the fastest growing segment of the homeless population. As the region's only senior-focused legal aid organization, Bet Tzedek provides comprehensive elder law services to help this vulnerable segment of the population grow older in safety, security, and with dignity. Services include advocacy related to elder abuse prevention/intervention; scam protection, including an education and outreach effort delivered in collaboration with synagogues and other Jewish community partners; public benefits (Medi-Cal, disability/SSI, housing, Veterans, in-home supportive services); housing stability; consumer debt; advance planning; conservatorships; and caregiver legal needs. In addition, Bet Tzedek is one of only two agencies in the country with a unit focused on providing services to Holocaust survivors that include assistance with reparations, housing, elder law issues, and public benefits.
- **ECONOMIC JUSTICE:** Bet Tzedek addresses three major problems commonly faced by individuals in the low-wage economy: wage theft, tax controversies, and the lack of entrepreneurial opportunity. Bet Tzedek helps low-wage workers fight for fair wages, safe working conditions, and equitable economic opportunities. Bet Tzedek operates a tax clinic to help low-income households reduce improper tax assessments and negotiate affordable resolutions to tax liabilities. Bet Tzedek also helps small business owners who have the building blocks for business success but may lack the knowledge to navigate often complex legal issues or the access to critical legal guidance.
- **RAPID RESPONSE:** New projects develop from Rapid Response programs when Bet Tzedek's legal and policy experts identify critical needs emerging in our communities that fall beyond the scope of existing community resources. Currently, efforts are focused on preventing and ending homelessness, on advancing the rights of transgender and gender nonconforming individuals, and on securing safe homes and legal status for abused, abandoned, and neglected immigrant children, including serving as immigration counsel for foster children under the custody of the Los Angeles Department of Children and Family Services.

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

1. NATURE OF OPERATIONS (continued)

Bet Tzedek is nationally recognized for leveraging staff to recruit, train and supervise hundreds of volunteers to increase the number of clients the agency serves. Bet Tzedek clients benefit from two distinct volunteer groups. The first are community volunteers who perform intake interviews and other client services. In fiscal year 2020, these volunteers donated thousands of hours of their time, the value of which exceeds \$3 million and is included in the donated services statement in these audited financials (see Note 2 - "Donated goods and services"). This valuation is lower than last year's due to the agency moving to a remote work structure, which eliminated the volunteers' ability to assist on site. The agency has since pivoted and increased the ability of volunteers to assist remotely. In addition to the value that in-house volunteers provide our communities, Bet Tzedek also places clients' cases with hundreds of pro bono attorney and paralegal volunteers at law firms nationwide. These pro bono volunteer hours are reported back to the organization each February, and as a result will be disclosed in the financial statements for the fiscal year ending August 31, 2021. What is available is the total contribution made in calendar year 2019: 39,873 hours of service by 1,021 volunteers, with a value estimated at over \$10 million. Bet Tzedek's efforts in marshalling the services of volunteers in innovative and impactful ways have resulted in the agency being awarded the 2009 American Bar Association's Pro Bono Publico Award for its Holocaust Survivor Justice Network, a national network of pro bono attorneys and social workers representing survivors in their application for reparations payments in over 30 cities, and more recently the Pro Bono Institute's 2020 CPBO Pro Bono Partner Award for its pro bono collaboration with Davis Wright Tremaine, Amazon and KIND to serve undocumented immigrant children, among various other awards..

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP") in the United States of America.

The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - (See Note 8): Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Net assets with donor restrictions* - (See Note 9): Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk

Certain financial instruments held by the Organization potentially subject the Organization to concentrations of credit risk. These financial instruments include cash and cash equivalents, receivables and investments.

The Organization maintains its cash and cash equivalents accounts with high-credit, quality financial institutions; accounts at each institution are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times during the year, cash in these accounts may exceed the federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Cash and cash equivalents

The Organization considers cash on deposit and temporary investments with financial institutions with an original maturity of three months or less to be cash equivalents.

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and grants receivable

The Organization records contributions and grants receivable, net of allowances for uncollectible amounts, whenever there is sufficient evidence in the form of verifiable documentation that an unconditional promise was made and received. The provision for allowances for uncollectible amounts is based on management's estimate of uncollectible accounts.

Management believes all contributions and grants receivable will be collected and an allowance for doubtful accounts has not been established as of August 31, 2020.

All contributions and grants receivable will be collected within one year.

Property and equipment

Property and equipment include the cost of the law library, furniture, equipment and leasehold improvements used in the operation of the Organization and related activities. Additions, improvements and renewals that materially extend the useful lives of the assets are capitalized.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Computer equipment	3 - 5 years
Furniture and fixtures	3 - 5 years
Leasehold improvements	shorter of initial lease period or useful life of asset

When assets are retired or sold, the related costs and accumulated depreciation are removed from the accounts, and any profit or loss arising from such disposition is recorded as a gain or loss. Expenditures for repairs and maintenance are charged to expenses as incurred.

Deferred rent

Rent expenses for operating leases, which have escalating rentals over the term of the lease, are recorded on a straight-line basis over the initial lease term. The difference between rent expense and rent paid is recorded as "deferred rent."

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and revenue recognition

The Organization recognizes government grant funds as contributions rather than exchange transactions when the recipients of services are members of the general public, rather than the government agency. Government grants frequently include a right of release and conditions. The Organization recognizes support revenues when any applicable conditions are met by the Organization and there is no longer a right of release. Conditions usually include expenditure of eligible costs. A receivable is recognized to the extent contract support earned exceeds cash advances. Conversely, a liability (refundable advance) is recorded when contract cash advances exceed support earned.

The grantor may, at its discretion, request the return of unexpended funds or apply such funds to a future grant period. In addition, if the Organization terminates its legal assistance activities, all unexpended funds are to be returned to the grantor.

Grants received with conditions and donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Contributions and pledges

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the donor-imposed barriers have been met by the Organization and there is no longer a right of return or release. The Organization reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets or are designated for a future period.

Donated subscriptions and services

Donated subscriptions and services in the amount of \$3,783,040 is comprised of \$650,955 in donated subscriptions and \$3,132,085 in donated services (see Note 1). Donated subscriptions are recorded at their fair value when an unconditional promise to give has been made or when subscriptions have been received. The value of the donation is based on appraisal and other objective bases for determining the value or, in certain instances, based on management's best estimate of the fair value. Donated services are comprised of in-kind support for contributed professional services of volunteer attorneys, paralegals and law clerks for services received from the external and internal legal professionals based on the fiscal year.

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated subscriptions and services (continued)

Donated services represent an essential component of Bet Tzedek's service model and are recognized as matching funds by public grant makers if the services received (a) create or enhance long-lived assets, (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services are valued at rates normally charged by the volunteers for similar services. In fiscal year 2020, Bet Tzedek received 17,285 hours of donated services that were provided as part of case work overseen by Bet Tzedek attorneys, paralegals, and law students. These services are tracked and calculated on a monthly basis and reported as specific in-kind requirements for certain grants. Donated goods and services are included as support and revenue and expensed for the same amount under contributed professional services.

Functional allocation of expenses

The Organization allocated its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their functional expense classification. Expenses that are common to several functions are allocated based on monthly time charged to each program.

Income tax status

The Organization is exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and the corresponding sections of the California Revenue and Taxation Code.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 740, "Uncertainty in Income Taxes" ("ASC 740"), the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions. During the year ended August 31, 2020, the Organization performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which may have an effect on its tax-exempt status. The Organization's income tax returns remain subject to examination for all tax years ended on or after August 31, 2016 with regard to all tax positions and the results reported.

Subsequent events

The Organization has evaluated events subsequent to August 31, 2020, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 28, 2020, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements, except as disclosed in Note 7.

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

3. FAIR VALUE MEASUREMENT

Investments are measured at fair value and are classified and disclosed in one of the following categories based on inputs:

- *Level 1* - Quoted prices are available in active markets for identical instruments as of the reporting date. As the Organization's investments are comprised of investments in marketable securities with readily determinable fair values and debt securities, these would generally be classified as Level 1 inputs.
- *Level 2* - Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date but are other than quoted prices in active markets as in Level 1.
- *Level 3* - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

The majority of the Organization's investments consist of funds that have been restricted by donors or designated by the board of directors as endowment funds (see Note 10). The Organization's investments are managed as a single diversified portfolio governed by the Organization's investment policy, which sets asset allocation ranges for marketable and nonmarketable investments.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of August 31, 2020:

	Level 1	Level 2	Level 3	Fair Value
Equities	\$ 6,206,826	\$ -	\$ -	\$ 6,206,826
Fixed income	4,247,320	-	-	4,247,320
	\$ 10,454,146	\$ -	\$ -	\$ 10,454,146

4. CONDITIONAL GRANTS

The Organization is a recipient of a number of contracts and grants that have been determined to contain both a right of return or release and a specific performance barrier. While many of these arrangements contain barriers, such as provision of a required number of hours or units or service, the majority of these arrangements are also subject to cost reimbursement requirements.

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

4. CONDITIONAL GRANTS (continued)

Funds promised and not yet received or recorded under conditional grants consist of the following:

Federal grants subject to cost reimbursement arrangements	\$ 937,059
State grants	130,000
Non-federal government grants	<u>1,414,270</u>
	<u><u>\$ 2,481,329</u></u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Computer equipment	\$ 60,517
Furniture and fixtures	194,948
Leasehold improvements	<u>40,190</u>
	295,655
Accumulated depreciation	<u>(250,516)</u>
	<u><u>\$ 45,139</u></u>

Depreciation and amortization expense for the year ended August 31, 2020 was \$43,718.

6. LINE OF CREDIT

The Organization has a line of credit with a maximum loan commitment of \$1,000,000 and bears interest at the bank's prime rate plus 0.50% per annum. Borrowings on the line are secured by the Organization's business assets. The line of credit will expire on March 31, 2021. As of August 31, 2020, there was \$1,000,000 available on the line of credit.

7. REFUNDABLE ADVANCE (PAYCHECK PROTECTION PROGRAM)

On April 8, 2020, the Organization received loan proceeds of \$1,399,900 from a promissory note issued by a financial institution under the Paycheck Protection Program ("PPP") established under the Coronavirus Aid, Relief and Economic Security ("CARES") Act is administered by the U.S. Small Business Administration. The term of the loan is five years, and the annual interest rate is 1.00%. Payments of principal and interest are deferred for the first six months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. The Organization has applied for and has been subsequently granted forgiveness on November 10, 2020 for the entire amount of the PPP loan.

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

7. REFUNDABLE ADVANCE (PAYCHECK PROTECTION PROGRAM) (continued)

The Organization has elected a 24-week period to incur qualifying expenditures. This period ended in September 2020. Due to the requirement to maintain its headcount through the entire 24-week period, accounting guidance requires the Organization to pro rate the amount of recognizable revenue by a factor equal to the number of weeks incurred prior to year-end by the total number of weeks in the qualifying period. During the year ended August 31, 2020, the Organization incurred \$1,399,900 in qualifying expenditures and recognized \$1,208,247 of the loan as grant income, which is recorded as Paycheck Protection Program grant on the statement of activities. The remaining \$191,653 is recorded as a refundable advance (Paycheck Protection Program) on the statement of financial position.

8. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

Board-designated endowment	\$ 4,412,686
Undesignated	<u>5,184,569</u>
	<u><u>\$ 9,597,255</u></u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Subject to expenditure for specified purpose:	
Seniors	\$ 823,545
Workers	172,500
Rapid Response	608,575
Adler Fellowships	79,719
Other programs	<u>60,376</u>
	<u>1,744,715</u>
Time restricted:	
Earnings on donor-restricted endowments not yet appropriated for spending	1,082,302
Contributed receivable with donor-specified purpose restriction	<u>6,173</u>
	<u>1,088,475</u>
Donor-restricted endowment funds:	
Donor corpus restricted in perpetuity	<u>4,158,561</u>
	<u>4,158,561</u>
	<u><u>\$ 6,991,751</u></u>

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

10. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS

The Organization's endowment funds consist of three separate funds, of which two funds are restricted by donors and one fund is designated by the board of directors. The endowment funds were established for a variety of purposes to benefit the Organization.

Interpretation of relevant law

The Organization's governing board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains the original value of all gifts to the donor-restricted endowment plus unspent accumulated earnings in accordance with the applicable donor gift instrument.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization's general policy is to diversify investments within both equity and fixed-income securities to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category. The Organization believes that a balanced approach to portfolio management is required to reduce volatility and prudently maximize total return for the long term. The Organization recognizes that economic and security market conditions are not constant but ever-changing and, as a result, continuous portfolio adjustments will be required.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

10. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

Return objectives and risk parameters (continued)

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce total returns (net of inflation) in excess of the endowment spend-out rate, thus allowing for real growth of endowment assets while assuming a moderate level of investment risk.

Spending policy and how investment objectives relate to spending policy

The Organization has a policy to distribute 4.5% of the trailing three-year average of the endowment's total invested asset value each year, so long as the endowment corpus continues to exceed \$2 million. In establishing this policy, the Organization considered the long-term returns expected on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment asset held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of August 31, 2020.

Endowment net asset composition by type of fund as of August 31, 2020 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 4,412,686	\$ -	\$ 4,412,686
Endowments restricted by donors in perpetuity	-	4,158,561	4,158,561
Accumulated investment gains on donor- restricted endowments	-	1,082,302	1,082,302
	<u>\$ 4,412,686</u>	<u>\$ 5,240,863</u>	<u>\$ 9,653,549</u>

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

10. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

Funds (continued)

Changes in endowment net assets for the fiscal year ended August 31, 2020 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, August 31, 2019	\$ 3,266,363	\$ 4,856,539	\$ 8,122,902
Net investment return			
Interest and dividends, net of fees	99,196	147,490	246,686
Realized and unrealized gains on investments	<u>355,427</u>	<u>528,464</u>	<u>883,891</u>
Total investment return	454,623	675,954	1,130,577
Reclassification of donor restricted net assets	-	40,070	40,070
Appropriation of endowment assets for expenditure	-	(331,700)	(331,700)
Transfer to Board-designated endowment	<u>691,700</u>	<u>-</u>	<u>691,700</u>
	<u>1,146,323</u>	<u>384,324</u>	<u>1,530,647</u>
Balance, August 31, 2020	<u>\$ 4,412,686</u>	<u>\$ 5,240,863</u>	<u>\$ 9,653,549</u>

The reclassification of donor restricted net assets relates to a contribution that was purpose restricted, but is now restricted in perpetuity in Bet Tzedek's endowment.

11. RETIREMENT BENEFITS

Employees of the Organization hired before January 1, 2006 are eligible to receive benefits under a multiemployer defined benefit pension plan. The plan is administered by the Jewish Federation Council of Greater Los Angeles ("the plan"). Contributions are determined in accordance with the provisions of the plan. Information with respect to the Organization's proportionate share of the excess, if any, of the actuarial computed value of vested benefits over the total of the pension plan's net assets is not available from the plan's administrator.

The Multiemployer Pension Plan Amendments Act of 1980 (the "Act") significantly increased the pension responsibilities of participating employers. Under the provisions of the Act, if the plan terminates or the Organization withdraws, the Organization could be subject to a substantial withdrawal liability. The Organization has no plans to withdraw from the plan as of August 31, 2020.

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

11. RETIREMENT BENEFITS (continued)

The risks to the Organization of participating in this multiemployer pension plan are different from single-employer plans in the following aspects:

1. Assets contributed to the multiemployer plan by one employer must be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the Organization chooses to stop participating in some of its multiemployer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Details of the pension plan as of August 31, 2020 are as follows:

<u>Pension Fund Name</u>	<u>EIN/ Pension Plan #</u>	<u>Projection Zone Status</u>	<u>FIP/PP Status Pending/ Implemented</u>	<u>Contributions to Plan from the Organization</u>	<u>Surcharge on Contributions</u>	<u>Expiration of Collective Bargaining Agreement</u>
Basic Plan of the Jewish Federation Council of Greater Los Angeles	95-1643388/001	Green	Yes	\$ 391,224	No	August 31, 2022

The Organization's contributions to the plan during calendar year 2020 were greater than 5% of the total contributions made. The contributions are made pursuant to a collective bargaining agreement ("CBA") expiring on August 31, 2022.

A Form 5500 has been filed for the plan for the annual period ended December 31, 2019.

A defined contribution plan is also offered to the employees.

Pension expense for the year ended August 31, 2020 totaled \$607,098. Of this amount, \$391,224 in expense was incurred for the defined benefit plan, and \$215,874 was incurred for the defined contribution plan.

12. COMMITMENTS AND CONTINGENCIES

Operating lease

The Organization leases office space under an operating lease which includes periods of abated and discounted rents and escalating payments, that expires in August 2022. Rent expense in the amount of \$471,962 was incurred during fiscal year 2020.

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

12. COMMITMENTS AND CONTINGENCIES (continued)

Operating lease (continued)

Future minimum lease payments under the operating lease are as follows:

Year ending August 31,

2021		\$ 499,715
2022		<u>466,456</u>
		<u><u>\$ 966,171</u></u>

Litigation

The Organization, from time to time, is involved in certain legal matters which arise in the normal course of business. Management believes that any resolution of such matters will not have a material adverse effect on the Organization's financial position.

13. LIQUIDITY AND AVAILABILITY

The Organization is significantly supported by contributions with donor restrictions. The Organization maintains sufficient resources to meet its responsibilities to its donors. The Organization's liquidity management policy is designed to provide that its remaining financial assets are available for operations as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization's financial assets reported on the statement of financial position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Liquidity of financial assets as of August 31, 2020 is as follows:

Cash and cash equivalents	\$ 6,210,782
Investments	10,454,146
Contributions and grants receivable	<u>1,500,715</u>
	18,165,643
Board-designated endowment (Note 8), less fiscal year 2021 appropriation of \$378,000	(4,034,686)
Net assets with donor restrictions (Note 9)	<u>(6,991,751)</u>
Net liquid assets available for operations	<u><u>\$ 7,139,206</u></u>

Additionally, as discussed in more detail in Note 6, the Organization maintains a \$1,000,000 line of credit, of which \$1,000,000 remained available on August 31, 2020.

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2020

14. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. It is at least reasonably possible that this matter will negatively impact the Company. However, the financial impact and duration cannot be reasonably estimated at this time.

SINGLE AUDIT REPORTS AND SCHEDULES

INDEPENDENT AUDITOR'S 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
Bet Tzedek Legal Services
Los Angeles, California

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 Bet Tzedek Legal Services (the "Organization"), which comprise the statement of financial position as of August 31, 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, and have issued our report thereon dated December 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armanino^{LLP}
Los Angeles, California

December 28, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Bet Tzedek Legal Services
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited Bet Tzedek Legal Services (the "Organization")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended August 31, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weakness or significant deficiencies.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the Organization's financial statements as of and for the year ended August 31, 2020, and have issued our report thereon dated December 28, 2020, 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 federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.



Armanino^{LLP}
Los Angeles, California

December 28, 2020

Bet Tzedek Legal Services
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Contract Period	Contract Amount	Expenditures
<u>Expenditures of Federal Awards</u>					
U.S. Department of Health and Human Services					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers					
Pass-Through County of Los Angeles					
(Title III B County Laws)					
	93.044	TLAP19201	7/1/19 - 6/30/20	\$ 318,080	\$ 254,466
	93.044	TLAP19201	7/1/20 - 6/30/21	278,200	<u>61,539</u>
					<u>316,005</u>
Passed Thru County of Los Angeles					
(Title III B County Laws) OTO					
	93.044	TLAP19201	7/1/19 - 6/30/20	30,594	<u>30,594</u>
Pass-Through City of Los Angeles					
(Title III B City Laws)					
	93.044	C-134003	7/1/19 - 6/30/20	218,958	183,124
	93.044	C-137499	7/1/19 - 6/30/21	230,152	<u>38,359</u>
					<u>221,483</u>
Pass-Through City of Los Angeles					
(Title III B City Laws) OTO					
	93.044	C-134003	7/1/19 - 6/30/20	13,463	<u>13,463</u>
Passed Thru City of Los Angeles					
93.044					
	93.044	C-134003	7/1/19 - 6/30/20	70,000	<u>44,916</u>
Total 93.044					
					<u>626,461</u>
National Family Caregiver Support - Title III, Part E					
Pass-Through County of Los Angeles					
(Title III E County Laws)					
	93.052	TLAP19201	7/1/19 - 6/30/20	89,016	77,695
	93.052	TLAP19201	7/1/20 - 6/30/21	89,106	<u>22,253</u>
					<u>99,948</u>

The accompanying notes to the Schedule of Expenditures of Federal and State Awards
are an integral part of this schedule.

Bet Tzedek Legal Services
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Contract Period	Contract Amount	Expenditures
Pass-Through City of Los Angeles (Caregiver)	93.052	C-132093	7/1/19 - 6/30/20	158,237	121,335
	93.052	C-134003	7/1/20 - 6/30/21	152,790	<u>24,601</u>
					<u>145,936</u>
Pass-Through City of Los Angeles (Title III E City Laws) OTO	93.052	C-134003	7/1/19 - 6/30/20	13,147	<u>13,147</u>
Total 93.052					<u>259,031</u>
Total U.S. Department of Health and Human Services					<u>885,492</u>

The accompanying notes to the Schedule of Expenditures of Federal and State Awards
are an integral part of this schedule.

Bet Tzedek Legal Services
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Contract Period	Contract Amount	Expenditures
U.S. Department of Justice					
California Offices of Emergency Services (CAL OES)					
Pass-Through State of California					
Victim Legal Assistance (XL) Program	16.575	VA GX 0058	7/1/16 - 12/31/19	699,083	29,187
Unserved/Underserved Victim Advocacy and Outreach	16.575	V2 GX 0029	1/1/19 - 12/31/20	200,000	129,993
Unserved/Underserved Victim Advocacy and Outreach	16.575	VA GX 0084	10/1/18 - 9/30/19	-	2,096
Unserved/Underserved Victim Advocacy and Outreach	16.575	V2 GX 0029	10/1/19 - 12/31/20	218,750	<u>210,906</u>
					372,182
Office for Victims of Crime					
Equal Justice Works	16.582	V3 GX K033	6/15/20 - 8/31/20	234,460	<u>18,869</u>
Total U.S. Department of Justice					<u>391,051</u>
U.S. Department of Treasury					
Internal Revenue Service					
Low Income Taxpayer Clinic (LITC)	21.008	18-LITC0322-03-00	1/1/19 - 12/31/19	100,000	39,911
Low Income Taxpayer Clinic (LITC)	21.008	20-LITC0474-01-00	1/1/20 - 12/31/20	100,000	<u>59,789</u>
Total U.S. Department of Treasury					<u>99,700</u>
Total Expenditures of Federal Awards					<u>\$ 1,376,243</u>

The accompanying notes to the Schedule of Expenditures of Federal and State Awards
are an integral part of this schedule.

Bet Tzedek Legal Services
Notes to Schedule of Expenditures of Federal Awards
August 31, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bet Tzedek Legal Services (the "Organization") and is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. PASS-THROUGH AWARDS

Bet Tzedek receives federal awards from pass-through agencies. The total amount of such pass-through awards is included on the Schedule of Expenditures of Federal Awards.

4. INDIRECT COST RATE

The Organization has elected to use the 10% de minimis interest cost rate as allowed under the Uniform Guidance. Some funding sources cap indirect cost rate reimbursements below this rate.

5. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 28, 2020, the date the Schedule was available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the Schedule.

Bet Tzedek Legal Services
 Schedule of Findings and Questioned Costs
 For the Year Ended August 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Bet Tzedek Legal Services
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2020

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Bet Tzedek Legal Services
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2020

There were no prior year findings.