

**LEGAL RIGHTS CENTER, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2019 and 2018**

# CONTENTS

|                                     | <u>Page No.</u> |
|-------------------------------------|-----------------|
| <b>INDEPENDENT AUDITOR'S REPORT</b> | 1               |
| <b>FINANCIAL STATEMENTS:</b>        |                 |
| Statements of Financial Position    | 2               |
| Statements of Activities            | 3               |
| Statement of Functional Expenses    | 4               |
| Statements of Cash Flows            | 5               |
| Notes to Financial Statements       | 6 - 10          |



**THOMAS LEWIS & ASSOCIATES, P.A.**  
Certified Public Accountants

6800 France Avenue, Suite 170, Minneapolis, Minnesota 55435  
952-835-1510, Fax: 952-835-9347

email: info@tlewiscpa.com  
web-site: www.tlewiscpa.com

750 S. Plaza Dr., Suite 204, Mendota Heights, Minnesota 55120  
651-690-5498, Fax: 952-835-9347

1226 4th Avenue E, Suite 105, Shakopee, MN 55379  
952-445-4458, Fax: 952-835-9347

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**LEGAL RIGHTS CENTER, INC.**  
Minneapolis, Minnesota

### *Introductory*

We have audited the accompanying financial statements of **LEGAL RIGHTS CENTER, INC.** (a Minnesota tax-exempt corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **LEGAL RIGHTS CENTER, INC.** as of December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Report on Summarized Comparative Information*

We have previously audited the **LEGAL RIGHTS CENTER, INC.** 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Thomas Lewis & Associates P.A.*

**THOMAS LEWIS & ASSOCIATES, P.A.**  
May 21, 2020

**LEGAL RIGHTS CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2019 and 2018

|   | 2019              | 2018              |
|---|-------------------|-------------------|
| <b>ASSETS</b>                           |                   |                   |
| <b>CURRENT ASSETS</b>                   |                   |                   |
| Cash and cash equivalents               | \$ 317,220        | \$ 336,353        |
| Prepaid expenses                        | 3,873             | 3,892             |
| Total Current Assets                    | 321,093           | 340,245           |
| <b>PROPERTY AND EQUIPMENT - At Cost</b> |                   |                   |
| Artwork                                 | 5,985             | 5,985             |
| Land and building                       | 300,000           | 300,000           |
| Building improvements                   | 449,743           | 437,531           |
| Furniture and office equipment          | 208,168           | 208,168           |
|   | 963,896           | 951,684           |
| Less, accumulated depreciation          | 705,028           | 687,293           |
| Net Property and Equipment              | 258,868           | 264,391           |
|   | <b>\$ 579,961</b> | <b>\$ 604,636</b> |
| <b>LIABILITIES AND NET ASSETS</b>       |                   |                   |
| <b>CURRENT LIABILITIES</b>              |                   |                   |
| Accounts payable                        | \$ 13,997         | \$ 3,969          |
| Accrued expenses                        | (201)             | 373               |
| Total Current Liabilities               | 13,796            | 4,342             |
| <b>NET ASSETS</b>                       |                   |                   |
| Without donor restrictions:             |                   |                   |
| Undesignated                            | 328,919           | 356,432           |
| Board designated                        | 191,656           | 189,407           |
| Total without donor restrictions        | 520,575           | 545,839           |
| With donor restrictions                 | 45,590            | 54,455            |
| Total Net Assets                        | 566,165           | 600,294           |
|   | <b>\$ 579,961</b> | <b>\$ 604,636</b> |

See independent auditor's report and notes to financial statements.

**LEGAL RIGHTS CENTER, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2019 and 2018

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Totals            |                   |
|--|-------------------------------|----------------------------|-------------------|-------------------|
|  |                               |                            | 2019              | 2018              |
| <b>SUPPORT AND REVENUE</b>                       |                               |                            |                   |                   |
| Public Support:                                  |                               |                            |                   |                   |
| Corporations and Foundations                     | \$ 123,790                    | \$ 50,000                  | \$ 173,790        | \$ 224,363        |
| Law firms and Attorneys                          | 13,835                        | -                          | 13,835            | 16,533            |
| In Kind donations                                | 100,677                       | -                          | 100,677           | 100,589           |
| Fundraising income (net)                         | -                             | 5,134                      | 5,134             | 22,856            |
| Total Public Support                             | <u>238,302</u>                | <u>55,134</u>              | <u>293,436</u>    | <u>364,341</u>    |
| Other Revenue:                                   |                               |                            |                   |                   |
| Government fees                                  | 240,849                       | -                          | 240,849           | 121,451           |
| Government contract services                     | -                             | 66,821                     | 66,821            | 80,008            |
| Government grants                                | 568,082                       | -                          | 568,082           | 529,000           |
| MN Department of Education Conference            | -                             | 64,106                     | 64,106            | 62,892            |
| Individual Donations                             | 15,735                        | -                          | 15,735            | 15,960            |
| Other miscellaneous income                       | 2,781                         | 957                        | 3,738             | 2,345             |
| Interest income                                  | 271                           | -                          | 271               | 414               |
| Rental income                                    | 13,600                        | -                          | 13,600            | 20,100            |
| Total Other Revenue                              | <u>841,318</u>                | <u>131,884</u>             | <u>973,202</u>    | <u>832,170</u>    |
| Net Assets Released from Restrictions            |                               |                            |                   |                   |
| Satisfaction of program restrictions             | 195,883                       | (195,883)                  | -                 | -                 |
| Total Net Assets Released from Restrictions      | <u>195,883</u>                | <u>(195,883)</u>           | <u>-</u>          | <u>-</u>          |
| Total Support and Revenue                        | <u>1,275,503</u>              | <u>(8,865)</u>             | <u>1,266,638</u>  | <u>1,196,511</u>  |
| <b>EXPENSES</b>                                  |                               |                            |                   |                   |
| Program Services:                                |                               |                            |                   |                   |
| Community Defense Program                        | 619,600                       | -                          | 619,600           | 628,197           |
| Youth: Education Advocacy & Restorative Services | 533,443                       | -                          | 533,443           | 423,135           |
|  | <u>1,153,043</u>              | <u>-</u>                   | <u>1,153,043</u>  | <u>1,051,332</u>  |
| Supporting Services:                             |                               |                            |                   |                   |
| Management and general                           | 99,011                        | -                          | 99,011            | 110,799           |
| Fundraising                                      | 48,713                        | -                          | 48,713            | 39,060            |
|  | <u>147,724</u>                | <u>-</u>                   | <u>147,724</u>    | <u>149,859</u>    |
| Total Expenses                                   | <u>1,300,767</u>              | <u>-</u>                   | <u>1,300,767</u>  | <u>1,201,191</u>  |
| <b>CHANGE IN NET ASSETS</b>                      | <b>(25,264)</b>               | <b>(8,865)</b>             | <b>(34,129)</b>   | <b>(4,680)</b>    |
| <b>NET ASSETS:</b>                               |                               |                            |                   |                   |
| Beginning of Year                                | <u>545,839</u>                | <u>54,455</u>              | <u>600,294</u>    | <u>604,974</u>    |
| End of Year                                      | <u>\$ 520,575</u>             | <u>\$ 45,590</u>           | <u>\$ 566,165</u> | <u>\$ 600,294</u> |

See independent auditor's report and notes to financial statements.

**LEGAL RIGHTS CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2019 with Comparative Totals for 2018

|   | Program Services                |   | Supporting Activities   |                  | Totals              |                     |                     |                     |
|---|---------------------------------|---|-------------------------|------------------|---------------------|---------------------|---------------------|---------------------|
|   | Community<br>Defense<br>Program | Youth:Education<br>Advocacy &<br>Restorative Services | Management<br>& General | Fund-<br>Raising | 2019<br>Amount      | Percent<br>of Total | 2018<br>Amount      | Percent<br>of Total |
| Salaries                                      | \$ 469,084                      | \$ 284,072  | \$ 76,575               | \$ 38,461        | \$ 868,192          | 66.7 %              | \$ 762,536          | 63.5 %              |
| Payroll Taxes & Benefits                      | 89,485                          | 54,192  | 14,608                  | 7,337            | 165,622             | 12.7                | 161,218             | 13.4                |
| Auto and Travel                               | 4,565                           | 5,461   | 54                      | -                | 10,080              | 0.8                 | 12,550              | 1.0                 |
| Occupancy                                     | 6,431                           | 4,368   | 971                     | 364              | 12,134              | 0.9                 | 13,594              | 1.1                 |
| Telephone                                     | 2,894                           | 1,966   | 437                     | 164              | 5,461               | 0.4                 | 837                 | 0.1                 |
| Office Supplies                               | 2,927                           | 1,988   | 442                     | 166              | 5,523               | 0.4                 | 5,724               | 0.5                 |
| Professional Licenses and Training            | 3,192                           | 798   | -                       | -                | 3,990               | 0.3                 | 4,724               | 0.4                 |
| Library                                       | 991                             | -   | -                       | -                | 991                 | 0.1                 | 911                 | 0.1                 |
| Program Expenses                              | 788                             | 6,580   | -                       | -                | 7,368               | 0.6                 | 1,101               | 0.1                 |
| Postage and Printing                          | 2,716                           | 1,845   | 410                     | 154              | 5,125               | 0.4                 | 5,930               | 0.5                 |
| Meetings and Conferences                      | -                               | -   | -                       | -                | -                   | 0.0                 | 2,396               | 0.2                 |
| MN Department of Education Conference         | -                               | 37,530  | -                       | -                | 37,530              | 2.9                 | 36,983              | 3.1                 |
| Insurance                                     | 8,784                           | 5,967   | 1,326                   | 497              | 16,574              | 1.3                 | 16,737              | 1.4                 |
| Repairs and Maintenance                       | 11,986                          | 8,141   | 1,809                   | 678              | 22,614              | 1.7                 | 24,963              | 2.1                 |
| Miscellaneous Expense                         | 991                             | 674   | 150                     | 56               | 1,871               | 0.1                 | 3,553               | 0.3                 |
| Interest Expense                              | -                               | -   | -                       | -                | -                   | 0.0                 | 64                  | 0.0                 |
| Contract Services                             | -                               | 109,831   | -                       | -                | 109,831             | 8.4                 | 115,983             | 9.7                 |
| Professional Fees                             | 5,367                           | 3,645   | 810                     | 304              | 10,126              | 0.8                 | 9,856               | 0.8                 |
| <b>Total Expenses<br/>Before Depreciation</b> | <b>610,201</b>                  | <b>527,058</b>  | <b>97,592</b>           | <b>48,181</b>    | <b>1,283,032</b>    | <b>98.6</b>         | <b>1,179,660</b>    | <b>98.2</b>         |
| Depreciation                                  | 9,399                           | 6,385   | 1,419                   | 532              | 17,735              | 1.4                 | 21,532              | 1.8                 |
| <b>Total Expenses</b>                         | <b>\$ 619,600</b>               | <b>\$ 533,443</b>                                     | <b>\$ 99,011</b>        | <b>\$ 48,713</b> | <b>\$ 1,300,767</b> | <b>100.0 %</b>      | <b>\$ 1,201,192</b> | <b>100.0 %</b>      |
| Percent of Total:                             | <u>47.6%</u>                    | <u>41.0%</u>  | <u>7.6%</u>             | <u>3.7%</u>      | <u>100.0%</u>       |                     |                     |                     |

See independent auditor's report and notes to financial statements.

**LEGAL RIGHTS CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2019 and 2018

|   | 2019        | 2018       |
|---|-------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |             |            |
| Change in net assets  | \$ (34,129) | \$ (4,680) |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities: |             |            |
| Depreciation and amortization   | 17,735      | 21,532     |
| Changes in operating assets and liabilities:  |             |            |
| Decreases (increases) in:   |             |            |
| Prepaid expenses  | 19          | (71)       |
| Increases (decreases) in:   |             |            |
| Accounts payable  | 10,028      | (9,277)    |
| Accrued expenses  | (574)       | (696)      |
| Net Cash Provided (Used) by Operating Activities  | (6,921)     | 6,808      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |             |            |
| Purchase of property and equipment  | (12,212)    | (23,254)   |
| Net Cash Used by Investing Activities   | (12,212)    | (23,254)   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |             |            |
| Principal payments on long-term debt  | -           | (16,488)   |
| Net Cash Used by Financing Activities   | -           | (16,488)   |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>  | (19,133)    | (32,934)   |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>  | 336,353     | 369,287    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | \$ 317,220  | \$ 336,353 |
| <br><b>SUPPLEMENTAL DISCLOSURES OF CASH INFORMATION:</b>  |             |            |
| Interest paid   | \$ -        | \$ 64      |

See independent auditor's report and notes to financial statements.

**LEGAL RIGHTS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Legal Rights Center, Inc. (the "Organization", "LRC") was incorporated in 1970 in response to concerns of communities of color and the legal community that fundamental inequalities existed within the criminal justice system of Hennepin County.

**Purpose**

The Organization's mission is to provide the highest quality criminal defense and restorative justice services to low-income people, in particular people of color. Their focus is Hennepin County, their priority is juveniles, and their services are at no cost.

The Organization exists to provide equal access to justice -- through restorative services and in the criminal and juvenile courts -- and to redress the underlying factors that have already led, or could lead, to criminal or delinquent behavior. They do so in recognition that many individuals from historically oppressed communities face barriers not only from generational poverty but also a deep alienation from society. The Organization uses culturally-specific outreach, education, and advocacy, in correlation with legal and restorative methods, to proactively improve communities while responsively serving a wide range of individual needs.

The Organization's programs include the following:

***The Community Defense Program (CDP)*** – The Community Defense program provides free criminal defense representation services to low-income Hennepin residents. Attorneys are teamed with Community Advocates, the latter providing culturally-specific assistance to populations who may be challenged by systemic biases yet need problems solved and rights protected. The program includes community outreach and education about the law. Since the dissolution of the Council on Crime and Justice in 2016, the program has also integrated advocacy relating to criminal records and policies, and representation for expungements or to challenge licensing disqualifications.

***The Youth: Education, Advocacy & Restorative Services (Y:EARS)*** - This program provides representation in juvenile court, and neutrally facilitates Family Group Conferences (a strengths-based restorative practices method) in the aftermath of delinquency, truancy, or school behavioral problems (or a combination) as a positive alternative to ineffective punitive outcomes. From the vantage point of practicing across systems, the program's attorneys participate in many committees and networks, make presentations, and advocate for best practices.

**Basis of Presentation**

The financial statements have been prepared in conformity with the disclosure requirements of U.S. generally accepted accounting principles for not-for-profit organizations. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.



**LEGAL RIGHTS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**Cost Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program of supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Office, occupancy, meetings, insurance, depreciation, and general overhead expenses are allocated based on % of FTE (full-time equivalent) assigned compared to total FTE. Salaries, taxes, benefits, travel, licenses-training are allocated based on the specific employee assignments. Program expenses are based on purpose of the expense.

**Subsequent Events**

Management has evaluated subsequent events through May 21, 2020, which is the date the financial statements were available to be issued.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash and equivalents for the years ended December 31, 2019 and 2018 totaled \$317,220 and \$336,353, respectively.

**Accounts Receivable**

The Organization uses the direct write-off method for balances deemed uncollectible. There were no such write-offs for the years ended December 31, 2019 or 2018 and all accounts receivable are considered collectible by management.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. At December 31, 2019 and 2018, there were no promises to give.

**Property and Equipment**

Property and equipment are stated at cost. Contributed equipment is recorded at fair value at date of donation. Depreciation is provided through the use of straight-line method using the estimated useful lives of individual assets, typically 5 to 15 years.

The Organization expenses maintenance and repair expenditures and capitalizes major renewals and betterments. The organization removes capitalized costs and related accumulated depreciation from the accounts upon sale or other retirement of depreciable property and reports resulting gains or losses.

**LEGAL RIGHTS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and Support**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Donations, grants, contributions, and all other forms of revenue are considered revenue without donor restrictions unless specifically restricted by the donor or until a specific amount of time has passed. The Organization serves as a Lead Agent for the Juvenile Restorative Justice Collaborative. For the years ended 2019 and 2018, totals of \$66,821 and \$80,008 were collected and \$64,721 and \$72,583 were paid out to 6 other agencies, respectively. The income is recorded on the statement of activities and the expense is recorded in the statement of functional expenses under contract services.

**Donated Material and Services**

Donated material and services are recorded as a contribution when received, at their fair market value, if significant and measurable.

**Income Taxes**

The Organization is considered a tax-exempt, nonprofit organization under Section 501 (c) (3) of the Internal Revenue Code and Minnesota Statute 290.05; therefore, there is no provision for income taxes. The Organization's open audit periods are the years ended December 31, 2016 through 2019.

The Organization has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2019.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for tax return years prior to the year ended December 31, 2016.

The Organization's policy is to classify any income tax related interest and penalties as interest expense and other expenses, respectively.

**NOTE B – RESTRICTIONS ON NET ASSETS**

**Donor Restricted Net Assets**

The Organization's net assets with donor restrictions are subject to the following purpose restrictions.

**LEGAL RIGHTS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

**NOTE B – RESTRICTIONS ON NET ASSETS (Continued)**

| <b>Subject to purpose restrictions:</b>  | <u>2019</u>      | <u>2018</u>      |
|--|------------------|------------------|
| Y:EARS Program                           | \$ 36,000        | \$ 47,500        |
| Lead Agent Escrow                        | 2,635            | -                |
| Doug Hall Memorial Fund                  | 1,915            | 1,915            |
| Jim Kreiger Memorial Fund                | 1,365            | 1,365            |
| Margaret DuBois Memorial Fund            | 1,818            | 1,818            |
| Timothy Dunn Memorial Fund               | <u>1,857</u>     | <u>1,857</u>     |
| Total net assets with donor restrictions | <u>\$ 45,590</u> | <u>\$ 54,455</u> |

**Board-designated Net Assets**

Board-designated net assets are net assets without donor restrictions that are subject to self-imposed limits by action of the governing board. The Organization's net assets with board-designated restrictions are subject to the following purposes.

**Subject to board designations:**

|                                   | <u>2019</u>       | <u>2018</u>       |
|-----------------------------------|-------------------|-------------------|
| Board-Directed Reserve            | \$ 80,000         | \$ 80,000         |
| U of M Residency                  | 50,000            | 50,000            |
| Building Fund                     | 31,870            | 28,690            |
| Professional Development Fund     | 20,477            | 20,143            |
| Technology Fund                   | <u>9,309</u>      | <u>10,574</u>     |
| Total board-designated net assets | <u>\$ 191,656</u> | <u>\$ 189,407</u> |

**NOTE C - NOTES PAYABLE**

The Organization incurred two loans payable, through a program offered jointly by the City of Minneapolis and Bremer Bank, to cover the remaining costs of a sewer separation project required by the City of Minneapolis. As part of this program, the City of Minneapolis funds one loan at an interest rate of 2% per annum, provided that another loan in the same amount is obtained through Bremer Bank. Both loans were secured by the cash, receivables, and personal property of the Organization and are administered by Bremer Bank. Both loans were refinanced in 2013 as part of a mortgage loan in the amount of \$70,000 from Bremer bank. In January 2018 the Organization paid off the Bremer mortgage in full.

**NOTE D – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use because of donor-imposed restrictions within one year of December 31, 2019 and 2018. Amounts that are not available also include board-designated amounts that could be utilized if the Board of Directors approved the use.

**LEGAL RIGHTS CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

**NOTE D – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)**

|   | 2019       | 2018       |
|---|------------|------------|
| Financial assets at year-end  | \$ 317,220 | \$ 336,353 |
| Less those unavailable for general expenditures within one year, due to:              |            |            |
| Contractual or donor-imposed restrictions:  |            |            |
| Restricted by donor with purpose restrictions   | (45,590)   | (54,455)   |
| Board designations:   |            |            |
| Amounts set aside for liquidity reserve   | (80,000)   | (80,000)   |
| U of M Residency  | (50,000)   | (50,000)   |
| Building Fund   | (31,870)   | (28,690)   |
| Professional Development Fund   | (20,477)   | (20,143)   |
| Technology Fund   | (9,309)    | (10,574)   |
| Total board-designations  | (191,656)  | (189,407)  |
| Financial assets available to meet cash needs for general expenditure within one year | \$ 79,974  | \$ 92,491  |

**NOTE E - COMMITMENTS AND CONTINGENCIES**

**Concentrations of Risk**

The Organization provides legal and alternative dispute resolution services for minorities and the poor throughout Hennepin County, Minnesota. Accordingly, the Organization relies upon a significant amount of support from government agencies. In the year ended December 31, 2019, this support amounted to approximately 74% of total revenue and in 2018, 66%. Should the Organization not be able to provide the services expected by the government agencies, or should the agencies reduce their contributions, the financial operations of the Organization could be severely impacted.

**Federal Deposit Insurance**

The Organization maintains cash and savings accounts in a single financial institution. The Federal Deposit Insurance Corporation insures accounts up to \$250,000 at that institution. At December 31, 2018 and 2019, there was no amount in excess of the limit. Management has not and does not expect to experience any losses on such accounts. In January 2017 the Organization eliminated this risk by setting up a sweep account to transfer funds to another bank once the balance reaches \$250,000.