The State Bar of California

OPEN SESSION
AGENDA ITEM
7.4 NOVEMBER 2024
LEGAL SERVICES TRUST FUND COMMISSION, ELIGIBILITY AND BUDGET REVIEW COMMITTEE

DATE:	**November 1, 2024**
TO:	**Members, Legal Services Trust Fund Commission, Eligibility and Budget Review Committee**
FROM:	**Danielle MacRae, Lead Program Analyst**
SUBJECT:	**Recommend Disposition of Requests for Reconsideration of IOLTA/EAF Eligibility Denial**

EXECUTIVE SUMMARY

At its August 9, 2024, meeting, the Legal Services Trust Fund Commission found three organizations ineligible for 2025 IOLTA/EAF funding. Two of those organizations—United CORE Alliance and Yuba-Sutter Legal Center for Seniors—submitted requests for reconsideration, pursuant to State Bar Rule 3.691(B). Neither organization submitted a timely audit or reviewed financial statement and therefore both organizations' applications for funding were considered incomplete. Staff recommends the Legal Services Trust Fund Commission affirm its denial of 2025 IOLTA/EAF eligibility for United CORE Alliance and Yuba-Sutter Legal Center for Seniors.

RECOMMENDED ACTION

Staff recommends the Eligibility and Budget Review Committee recommend the Legal Services Trust Fund Commission affirm its denial of 2025 IOLTA/EAF eligibility for United CORE Alliance and Yuba-Sutter Legal Center for Seniors (Yuba-Sutter).

DISCUSSION

At its August 9, 2024, meeting, the Legal Services Trust Fund Commission voted to find 2025 IOLTA/EAF applicants eligible or ineligible for funding. United CORE Alliance and Yuba-Sutter Legal Center for Seniors were two of the three organizations denied 2025 funding. Neither organization submitted a timely audit or reviewed financial statement for the fiscal year ending in 2023, in accordance with State Bar Rule 3.680(E)(1); therefore, both organizations' applications for funding were considered incomplete.

Audits (or reviewed financial statements, if the organization's gross corporate expenditures are less than $500,000) were due on May 1, 2024. Staff and the commission granted extensions to several organizations, with the latest extension being approved through July 15, 2024. The Schedule of Charges and Deadlines in the State Bar Rules state that "[u]nder no circumstances, shall such an extension be granted beyond the date upon which grant allocations are determined." State Bar staff calculated the allocation to determine 2025 IOLTA/EAF grant allocations on August 14, 2024.

United CORE Alliance

United CORE Alliance was a new applicant for funding that applied as a Qualified Legal Services Project (QLSP). United CORE Alliance initially submitted tax documentation and other financial materials, but not an audit or reviewed financial statement. The organization was granted an extension to June 30, 2024, to provide the required materials but did not do so.

State Bar staff sent a letter to United CORE Alliance on August 23, 2024, to notify the organization of the denial and State Bar Rule 3.691(B) which allows applicants the opportunity to request reconsideration by the Commission within thirty days of receipt of the notice of denial. On September 13, 2024, United CORE Alliance submitted a request for reconsideration (see Attachment A). The request for reconsideration included United CORE Alliance's reviewed financial statement for the fiscal year ending in 2023; however, the Schedule of Charges and Deadlines prohibits the commission from granting an extension beyond the date on which the allocations are determined, which was on August 14, 2024.

Yuba-Sutter Legal Center for Seniors

Yuba-Sutter was a returning QLSP applicant. Yuba-Sutter had significant difficulties receiving financial materials from a contract bookkeeper and was granted an audit extension to July 15, 2025. Yuba-Sutter did not, and has yet to, submit an audit for the fiscal year ending in 2023.

State Bar staff sent a letter to Yuba-Sutter Legal Center for Seniors on August 23, 2024, to notify the organization of the denial and State Bar Rule 3.691(B) which allows applicants the opportunity to request reconsideration. On September 23, 2024, Yuba-Sutter submitted a request for reconsideration (see Attachment B). Yuba-Sutter's letter suggests that State Bar Rule 3.691(B) must be controlling over the State Bar Schedule of Charges and Deadlines since the organization was given the opportunity to submit a request for reconsideration; this is not State Bar staff's (including the Office of General Counsel's) interpretation, nor was this interpretation ever communicated to Yuba-Sutter by staff. The deadline in the Schedule of Charges and Deadlines is controlling and does not provide the commission with any discretion to accept an audit after the date allocations are determined.

PREVIOUS ACTION

Approve Recommendations Regarding IOLTA/EAF Applicants' Eligibility for Pro Bono Allocation in 2025 Grant Year
(Legal Services Trust Fund Commission, August 9, 2024)

RESOLUTIONS

Should the committee concur with staff recommendations, it is:

> **RESOLVED**, that the Legal Services Trust Fund Commission (LSTFC) Eligibility and Budget Review Committee recommends the LSTFC affirm its denial of 2025 IOLTA/EAF eligibility for United Core Alliance and Yuba-Sutter Legal Center for Seniors.

ATTACHMENT(S) LIST

A. United CORE Alliance's Request for Reconsideration

B. Yuba-Sutter Legal Center for Seniors' Request for Reconsideration

ATTACHMENT A

Khalil Ferguson
President and CEO

6700 Freeport Blvd STE 205
Sacramento, CA 95822
Khalil@united-core.org

Via Email

September 23, 2024

Danielle MacRae
Lead Program Analyst
Office of Access & Inclusion
The State Bar of California
Email: Danielle.MacRae@calbar.ca.gov

RE: REQUEST FOR RECONSIDERATION

Dear Ms. MacRae,

On behalf of the Board of Directors of United CORE Alliance (UCA), we humbly submit this request for reconsideration for our 2025 IOLTA and EAF Grant Proposal.

On August 23, 2024, UCA received notice that the Legal Services Trust Fund Commission (Commission) determined that UCA is ineligible for IOLTA and EAF funding for grant year 2025, due to filing an incomplete proposal. Specifically, our proposal did not include a financial review conducted by an independent certified public accountant which is required pursuant to State Bar Rule 3.680.

On June 3, 2024, UCA engaged Iryna Accountancy Corporation to conduct a financial review to meet the State Bar's requirements. The review took longer than we expected. However, the report has been finalized and attached to this letter under Exhibit A.

As such, the UCA respectfully submits this letter for reconsideration for our 2025 IOLTA and EAF Grant Proposal. Please do not hesitate if you have any questions or concerns.

Sincerely,

Khalil J. Ferguson

Khalil J. Ferguson
President & CEO

Exhibit A

ATTACHMENT A

IRYNA
Accountancy Corporation

UNITED CORE ALLIANCE

(A CALIFORNIA NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

WITH

INDEPENDENT ACCOUNTANT'S REVIEW

YEAR ENDED DECEMBER 31, 2023

UNITED CORE ALLIANCE

TABLE OF CONTENTS

DECEMBER 31, 2023

IRYNA
Accountancy Corporation

1000 Broadway #200-C, Oakland, CA 94607 | (510) 467-9506 | io@irynacpa.com |www.irynacpa.com

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
UNITED CORE ALLIANCE
San Francisco, California

We have reviewed the accompanying financial statements of UNITED CORE ALLIANCE (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 , and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of UNITED CORE ALLIANCE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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Iryna Accountancy Corporation
Oakland, California
September 10, 2024

UNITED CORE ALLIANCE

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and cash equivalents	$ 4	$ -	$ 4
Accounts receivable	22,064	-	22,064
TOTAL CURRENT ASSETS	22,068	-	22,068
Security deposits	350	-	350
TOTAL ASSETS	$ 22,418	$ -	$ 22,418
LIABILITIES			
Payroll and related liability	12,135	-	12,135
TOTAL CURRENT LIABILITIES	12,135	-	12,135
TOTAL LIABILITIES	12,135	-	12,135
NET ASSETS			
Without donor restrictions	10,283	-	10,283
With donor restrictions			
Purpose and time restrictions	-	-	-
TOTAL NET ASSETS	10,283	-	10,283
TOTAL LIABILITIES and NET ASSETS	$ 22,418	$ -	$ 22,418

See independent accountant’s review report and accompanying notes to financial statements.

UNITED CORE ALLIANCE

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants	$ 156,827	$ -	$ 156,827
In-kind revenue	75,000	-	75,000
Net assets released from restrictions	-	-	-
Total support and revenue	231,827	-	231,827
EXPENSES			
Program services	162,813	-	162,813
Management and general	67,941	-	67,941
Fundraising	-	-	-
Total expenses	230,754	-	230,754
CHANGE IN NET ASSETS	1,073	-	1,073
NET ASSETS AT BEGINNING OF YEAR	9,210	-	9,210
NET ASSETS AT END OF YEAR	$ 10,283	$ -	$ 10,283

See independent accountant’s review report and accompanying notes to financial statements.

UNITED CORE ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program	Supporting		Total
		Management and General	Fundraising	
Salaries and wages	$ 84,308	$ -	$ -	$ 84,308
Payroll taxes	7,293	-	-	7,293
Total personnel	91,601	-	-	91,601
Advertising	1,054	-	-	1,054
Occupancy	2,780	-	-	2,780
Professional services: Other	-	2,280	-	2,280
Professional services: Accounting	2,070	-	-	2,070
Fee and charges	695	188	-	883
Professional services: Legal	-	17,668	-	17,668
Office related	3,039	-	-	3,039
Insurance	2,516	-	-	2,516
Supplies	6,091	-	-	6,091
Travel	-	1,568	-	1,568
Grants to others	50	-	-	50
Business expenses	-	24,154	-	24,154
In-kind expense	52,917	22,083	-	75,000
TOTAL EXPENSES	$ 162,813	$ 67,941	$ -	$ 230,754

See independent accountant's review report and accompanying notes to financial statements.

UNITED CORE ALLIANCE

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	1,073
Adjustments to reconcile change in net assets to net		
cash provided /(used) by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable		(22,063)
Security deposits		(350)
Increase (decrease) in operating liabilities:		
Payroll and related liability		12,135
NET CASH (USED)/PROVIDED BY OPERATING ACTIVITIES		(9,205)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(9,205)
CASH AND CASH EQUIVALENTS, beginning of the year		
With donor restrictions		9,209
Without donor restrictions		-
TOTAL CASH AND CASH EQUIVALENTS, beginning of the year		9,209
CASH AND CASH EQUIVALENTS, end of the year		
With donor restrictions		4
Without donor restrictions		-
TOTAL CASH AND CASH EQUIVALENTS, end of the year	$	4

See independent accountant’s review report and accompanying notes to financial statements.

UNITED CORE ALLIANCE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF ACTIVITIES

UNITED CORE ALLIANCE the Organization, is a non-profit organization which is incorporated in the State of California in 2021. The mission of the Organization is to eliminate the pervasive barriers erected by the war on drugs that prevent underinvested communities from realizing their economic mobility. The Organization aims to overcome policies precipitated by historical political and social sanctions that unjustly target communities of color. The Organization engages populations and communities most impacted by the war on drugs to create economic opportunities in emerging cannabis markets, facilitates educational job training, legal support, and provides relevant tools.

NOTE 2 – PROGRAM SERVICES

The Organization launched its first outreach initiative, the Oak Park Monthly Expungement Clinic. This program offers pro-bono expungement assistance through a dedicated network of legal professionals volunteering their time. The Organization gathers data via online registration forms completed by prospective clients attending the monthly clinics.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Net Assets

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve or board-designated endowment. There were no board-designated net assets as of December 31, 2023.

Net Assets With Donor Restrictions – 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 those 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. There were no donor-imposed restrictions as of December 31, 2023.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Organization implemented *Accounting Standards Codification* (“ASC”) 842, “Leases” (“ASC 842”) on January 1, 2022, using the modified retrospective transition method and used the effective date as the date of initial application. The Organization elected the “package of practical expedients,” which permits not to reassess under ASC 842 prior conclusions about lease identification, lease classification and initial direct costs. The Organization made a policy election not to separate non-lease components from lease components, therefore, the Organization accounts for lease and non-lease components as a single lease component. The Organization elected the short-term lease recognition exemption for all leases that qualify.

The Organization determines if a contract contains a lease at inception of the arrangement based on whether there is the right to obtain substantially all of the economic benefits from the use of an identified asset and whether the Organization have the right to direct the use of an identified asset in exchange for consideration.

Right of use (“ROU”) assets represents the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets are recognized as the lease liability, adjusted for lease incentives received. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is risk-free discount rate, which is determined using a period comparable with lease term, because the interest rate implicit in most of the leases is not readily determinable. Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the lease liability calculation. Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred.

Operating leases are included in operating lease ROU assets, operating lease liabilities, current and operating lease liabilities, non-current on the balance sheet. Finance leases are included in property and equipment, net, accrued and other current liabilities, and other long-term liabilities on the balance sheet. The Organization's operating leases, lease expense is recognized on a straight-line basis in operations over the lease term.

The Organization has evaluated its lease situation under the new standard and found it to be not applicable as of ended December 31, 2023.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income tax on income under Section 501(c)(3) of the Internal Revenue Code and from state franchise tax under California Revenue and Taxation Code Section 23701 (d). However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income.

There was no tax on unrelated business income for year ended December 31, 2023.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the management estimate. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the ter. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its programs, rents are allocated based on staff hours devoted to each program or function. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services, are allocated based on the management's best estimate.

The expenses that are allocated include the following:

Expenses	Method of allocation
Salaries and wages and related	Time and effort
Professional services: Legal	Time and effort
Business expenses	Function and usage

Property, Equipment and Depreciation

All acquisitions of property and equipment in excess of $5,000 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchased property and equipment is capitalized at cost.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

As of December 31, 2023, the Organization had no property and equipment, accumulated depreciation and related depreciation expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash accounts with a maturity of three months or less to be cash equivalents.

Prepaid Expenses

Prepaid expenses are amortized over the period of future benefit.

Refundable Advances

Refundable advances represent advances paid for grants received prior to when they become unconditional promises.

NOTE 3– SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Contributions Receivable

Contributions are recognized as revenue when received or unconditionally promised. Contributions received are recorded as without donor restrictions or with donor restriction support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with time and purpose restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional pledges are recognized as receivables and revenue when the conditions on which they depend are substantially met. Contributions receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions In-kind

Donated equipment and other goods are recorded at estimated fair market value on the day of donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their estimated fair market value at the time the services are rendered. The Organization also receives donated services that do not meet the criteria for recognition, but which are, nonetheless, central to the Organization's operations; these contributed services are not reflected in the financial statements.

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting. Service income is recognized as revenue in the period in which the service is provided. Grants are recognized as revenue in the period in which they are awarded in writing, if not conditional. The Organization primary revenue sources are grants.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. There was no conditional support at December 31, 2023.

A portion of the Organization revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Security Deposits

Deposits consist of security deposit amounts held with a leasing company and are recorded at the time the lease agreement was signed.

NOTE 3– SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in establishing the fair value of its financial statements: the carrying amounts of cash, short-term investments, grant and accounts receivables, prepaid expenses, deposits, and accounts payable, accrued expenses, refundable advances and other current liabilities approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables and payables are approximate fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses a fair value hierarchy which is categorized into three levels as follows:

Level 1 – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in active markets, valuation of these balances does not entail a significant degree of judgment.

Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets from those willing to trade that are not active or for which other inputs can be corroborated by market data.

Level 3 – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement and represent the Organization best estimate of what hypothetical market participants would use to determine a transaction price for an asset or liability.

Currently, the Organization does not have any assets measured at fair value.

Accounts Receivable

Accounts receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization charges off uncollectible accounts receivable when management determines amounts are not collectable. Management did not set up an allowance for the year ended December 31, 2023 because it is expected that the accounts receivables will be fully collected.

Pledges Receivable

Pledges receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization had no pledges receivable as of December 31, 2023.

Advertising

Non-direct-response advertising costs are expensed when the advertising first occurs.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Cash and cash equivalents	$	4
Accounts receivable		22,064
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		-
Financial assets available for general expenditure within one year	$	22,068

$22,068 of financial assets are available to cover the Organization's liquidity needs as of December 31, 2023. The Organization has a goal to maintain sufficient financial assets on hands, which consists of cash and receivables, to meet the total of next fiscal year's projected management and fundraising expenses, which are expected to be approximately $67,941 (per actual supporting expenses for the year ended December 31, 2023). Based on projected estimate, the Organization has sufficient liquid assets to cover its current liabilities for around 4 months after December 31, 2023.

NOTE 5 – CONCENTRATION OF CREDIT RISK

FASB ASC 825 requires disclosure of significant concentrations of credit risk arising from all financial instruments. Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash and accounts receivable. The Organization places its cash and in banks that are insured in limited amounts by the U.S. Government. Due to operational requirements, the Organization checking, and other deposit accounts may be maintained with a balance in excess of the $250,000 federally insured limit. As of December 31, 2023, there was no fund uninsured by FDIC.

For the year ended December 31, 2023, approximately 68% of total support and revenue came from Cannabis Consumer policy Council. As of December 31, 2023, approximately 100% of pledges receivable came from Cannabis Consumer Policy Council.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2023, the Organization did not have net assets with donor restrictions.

NOTE 7 – ACCRUED VACATION

The Organization's employees earn vacation leave based on their length of service. Employees are allowed to carry over a limited number of unused vacation days to the following year. The Organization accrues a liability for compensated absences which have been earned by employees but not yet taken. The liability for accrued vacation as of December 31, 2023, is $9,000.

NOTE 8 – CONTINGENCIES

Conditions contained within the various contracts awarded to the Organization are subject to the donors' criteria and regulations under which expenditures may be charged against and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency or be subject to reductions of future funding. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.

NOTE 9 – FUNDRAISING EVENT

For the year ended December 31, 2023, the Organization did not hold any special event.

NOTE 10 – OPERATING LEASES

The Organization entered into a lease agreement for office space in Sacramento, effective from February 1, 2023, through February 1, 2025. The monthly rent is $350, with a security deposit of the same amount $350.

For the year ended December 31, 2023, the lease expense was $2,780.

NOTE 11 – CONTRIBUTIONS IN-KIND

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

During the years ended December 31, 2023, the Organization received 3,840 hours of donated services from 39 unpaid volunteers and 1,560 hours from 6 board members that do not satisfy the criteria for recognition under *FASB ASC 958-605-25-16*.

Additionally, December 31, 2023, the Organization received in-kind professional legal services valued at $75,000. This valuation is based on a fair market rate of $250 per hour for 300 hours of service.

NOTE 12– SUBSEQUENT EVENTS

Management of the Organization has reviewed the results of operations for the period of time from its year end December 31, 2023 through September 10, 2024, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

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FOR SENIORS
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YUBA CITY, CA 95991
(530) 742-8289

September 23, 2024

To: Legal Services Trust Fund Commission

Via email to:
Danielle MacRae
Office of Access & Inclusion
The State Bar of California
180 Howard Street
San Franscisco, CA 94105

Re:- Request for Reconsideration Denial of Funding for 2025 IOLTA and EAF Grant Eligibility Determination – where our application was determined to be incomplete.

Dear Danielle,

Your letter to me sent via email specifically included an invitation to send this Request for Reconsideration by delivering this to you no later than today.

We point out that Rule 3.691 (B)(2) allows the Commission to "affirm its decision, modify its decision, or schedule and informal conference to be held within 90 days of receipt of the request". Notwithstanding that current State Bar Rules Schedule of Charges and Deadlines ("State Bar Deadlines") includes "...Under no circumstances shall such extension be granted beyond the date upon which grant allocations are determined". We submit that given that since we are allowed and have been encouraged to submit a Request for Reconsideration then Rule3.691 (B)(2) must be controlling over the otherwise absolute deadline contained within the State Bar Deadlines, were it not controlling we would not be encouraged to submit a Request for Reconsideration.

We restate that we had delivered in a timely manner to our auditor the documentation they initially requested for their second audit of our firm. However, our former external bookkeeper had made reversing entries which our auditor was unable to understand. We had difficulties establishing contact with our former bookkeeper, which delayed the audit. As our former bookkeeper's response was unsatisfactory the auditor took additional time to respond on their side. We also believe that the assistant doing the main work was not as experienced as the assistant accountant who performed our audit in the prior year, as the assistant requested that we resend materials they already had since spring. His questions and understanding of our firm were indicative that he did not understand our firm

United Way
Yuba-Sutter-Colusa
United Way

as well as the man who did his job in the prior year's audit. We offered to pay overtime, weekend rates and any incentive to help them have the ability to put in extra effort with this. None of these incentives were sufficient for them to provide the audit on time and we find ourselves in the situation we in are now.

We look forward to a favorable response and the ability to salvage at least some of our funding that we otherwise would have lost.

With my very best regards,

E. Jospeh Carrico
Directing Attorney