

LEGAL ASSISTANCE TO THE ELDERLY, INC.
(A California Non-Profit Public Benefit Corporation)

AUDITED FINANCIAL STATEMENTS

For The Years Ended June 30, 2020 and 2019

**LEGAL ASSISTANCE TO THE ELDERLY, INC.
FINANCIAL STATEMENTS
JUNE 30, 2020 and 2019**

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ALLAN LIU, CPA
201 Willow Avenue Millbrae, California 94030

Member American Institute of Certified Public Accountants
Member California Society of Certified Public Accountants

E Mail: Allan_Liu@msn.com
Tel: (650) 692-1172/Fax: (650) 692-1194

Independent Auditor's Report

To the Board of Directors
Legal Assistance to the Elderly, Inc.
San Francisco, California

I have audited the accompanying financial statements of Legal Assistance to the Elderly, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and 2019, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Board of Directors
Legal Assistance to the Elderly, Inc.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Legal Assistance to the Elderly, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued our report dated November 18, 2020, on my consideration of Legal Assistance to the Elderly, Inc.'s internal control over financial reporting and on my 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 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 Legal Assistance to the Elderly, Inc.'s internal control over financial reporting and compliance.

Allan Liu

Certified Public Accountant
November 18, 2020

Legal Assistance to the Elderly, Inc.
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash	\$ 256,500	\$ 162,316
Cash restricted to IOLTA	383,783	325,375
Grants receivable	629,032	187,073
Prepaid expenses	12,849	10,640
Total current assets	1,282,164	685,404
Furniture and equipment, net	-	-
Deposits	17,982	13,250
TOTAL ASSETS	1,300,146	698,654
 LIABILITIES		
Current Liabilities		
Accounts payable	\$ 492,323	\$ 334,326
Accrued compensation	54,121	36,448
EIDL loan	10,000	-
PPP loan	201,785	-
TOTAL LIABILITIES	758,229	370,774
 NET ASSETS		
Without donor restrictions	460,267	303,776
With donor restrictions	81,650	24,104
TOTAL NET ASSETS	541,917	327,880
TOTAL LIABILITIES AND NET ASSETS	\$ 1,300,146	\$ 698,654

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

Legal Assistance to the Elderly, Inc.
Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE						
Grants	\$ 2,498,124	\$ 68,237	\$ 2,566,361	\$ 1,266,736	\$ 14,255	\$ 1,280,991
Program income	45	-	45	7,779	-	7,779
Contributions	67,698	-	67,698	48,267	-	48,267
Legal fee income	8,934	-	8,934	91,227	-	91,227
Fundraising	32,021	-	32,021	-	-	-
Net assets released from restriction	10,691	(10,691)	-	3,564	(3,564)	-
Total Support and Revenue	2,617,513	57,546	2,675,059	1,417,573	10,691	1,428,264
EXPENSES						
Program	2,208,644	-	2,208,644	1,186,776	-	1,186,776
Management and general	233,464	-	233,464	91,974	-	91,974
Fund raising	18,914	-	18,914	20,215	-	20,215
Total Expenses	2,461,022	-	2,461,022	1,298,965	-	1,298,965
Change in Net Assets	156,491	57,546	214,037	118,608	10,691	129,299
Net Assets - Beginning	303,776	24,104	327,880	185,168	13,413	198,581
Net Assets - Ending	\$ 460,267	\$ 81,650	\$ 541,917	\$ 303,776	\$ 24,104	\$ 327,880

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

Legal Assistance to the Elderly, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	Legal Services for Seniors	Legal Services for Disabled Adults	Health Related Law	Eviction Defense	Excelsior Legal Collaborative	Total Program Services	Management & General	Fund Raising	2020 Total
Salaries & wages	\$443,393	\$26,036	\$83,425	\$500,545	\$144,198	\$1,197,597	\$123,609	\$13,543	\$1,334,749
Employee benefits	68,982	4,051	12,979	77,873	22,434	186,319	19,229	2,107	207,655
Workers compensation insurance	1,500	88	282	1,694	488	4,052	419	46	4,517
Payroll taxes	34,586	2,031	6,507	39,044	11,248	93,416	10,940	1,056	105,412
State Bar Dues	2,643	210	420	1,842	420	5,535			5,535
Accounting services and audit						0	35,200		35,200
Client costs	5,680			39,642		45,322			45,322
Supplies	10,529	636	2,221	23,201	5,362	41,949	5,334	1,106	48,389
Telephone	4,087	236	653	4,353	1,552	10,881	1,203	9	12,093
Occupancy expenses	57,710	3,584	10,684	69,840	13,557	155,375	388		155,763
Equipment, maint. repairs & rentals	1,010	62	186	1,183	202	2,643	313		2,956
Printing & duplication	829	47	140	843	182	2,041	260		2,301
Training & travel	754	4	500	1,975	712	3,945	2,571	0	6,516
Library	2,801	11	355	2,885	1,485	7,537	0	0	7,537
Insurance	7,962	492	1,470	9,437	1,695	21,056	2,492	18	23,566
Retirement plan fee						0	1,936		1,936
Office & other expenses	391			381	0	772	7,047	810	8,629
Bank Charges						0	652	219	871
Memberships	658	22	63	491	142	1,376	271		1,647
Volunteer expenses	639	38	109	659	95	1,540	185		1,725
Subcontract	34,825			5,250	221,121	261,196			261,196
Recruitment expense	1604			1779	474	3,857			3,857
Technology expense	245	15	49	4286	26285	30,880	17,953		48,833
Moving, office set-up, equipment	72388	0	0	36202	8706	117,296	1,937		119,233
Covid 19 expense	7,703	106		3,627	2,623	14,059	1,525		15,584
						0			0
Total Expenses	\$760,919	\$37,669	\$120,043	\$827,032	\$462,981	\$2,208,644	\$233,464	\$18,914	\$2,461,022

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

Legal Assistance to the Elderly, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	Legal Services for Seniors	Legal Services for Disabled Adults	Health Related Law	Eviction Defense	Total Program Services	Management & General	Fund Raising	2018 Total
Salaries & wages	\$368,297	\$26,709	\$79,080	\$284,036	\$758,122	\$35,249	\$17,493	\$810,864
Employee benefits	50,035	3,634	13,610	47,555	114,834	1,015	215	116,064
Workers compensation insurance	2,190	142	445	1,597	4,374	369	122	4,865
Payroll taxes	28,612	2,043	6,335	22,775	59,765	3,394	1,688	64,847
State Bar Dues	1,755		418	1,492	3,665			3,665
Accounting services and audit					0	29,841		29,841
Client costs	5,061			22,850	27,911			27,911
Supplies	6,785	451	1,490	15,655	24,381	5,720	274	30,375
Telephone	4,758	320	998	4,204	10,280	559		10,839
Postage & delivery	797	52	164	2,832	3,845	462		4,307
Occupancy expenses	46,713	6,275	12,048	44,436	109,472	6,430		115,902
Equipment, maint. repairs & rentals	2,377	163	509	1,922	4,971	287		5,258
Technology					0	5,005		5,005
Printing & duplication	1,076	78	245	1,225	2,624	184		2,808
Training & travel	802	6	244	3,555	4,607	111		4,718
Depreciation					0			0
Library	1,551		294	1,181	3,026			3,026
Insurance	5,710	475	1,499	5,444	13,128	977		14,105
Retirement plan fee					0	1,248		1,248
Miscellaneous					0	145		145
Fundraising					0		423	423
Bank Charges					0	634		634
Memberships	666	21	66	269	1,022	39		1,061
Volunteer expenses	776	51	161	616	1,604	305		1,909
Subcontract	32,997				32,997			32,997
Outreach/advertising	6,148				6,148			6,148
Total Expenses	\$567,106	\$40,420	\$117,606	\$461,644	\$1,186,776	\$91,974	\$20,215	\$1,298,965

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

Legal Assistance to the Elderly, Inc.
Statements of Cash Flows
Years Ended June 30, 2020
and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 214,037	\$ 129,299
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	-
Decrease (increase) in receivables	(441,959)	82,786
Decrease (increase) in prepaids	(2,209)	(5,019)
Decrease (increase) in deposits	(4,732)	-
Increase (decrease) in accrued compensation	17,673	3,786
Increase (decrease) in accounts payable	157,997	50,828
Increase (decrease) in deferred revenue	0	(4,317)
Net cash provided (used) by operating activities	(59,193)	257,363
 Cash flows from financing activities		
PPP Loan	201,785	-
EIDL Loan	10,000	-
Net cash provided (used) by financing activities	211,785	-
 Net increase (decrease) in cash and cash equivalents	152,592	257,363
Cash and cash equivalents - beginning of year	487,691	230,328
 Cash and cash equivalents - end of year	\$ 640,283	\$ 487,691

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

Legal Assistance to the Elderly, Inc.
Notes To Financial Statements
June 30, 2020 and 2019

Note 1-Organization and Summary of Significant Accounting Policies

Organization

Legal Assistance to the Elderly, Inc. (the Organization) was incorporated in California as a nonprofit public benefit corporation in 1979. The Organization provides free legal seniors and adults with disabilities in San Francisco. Its mission is to keep San Francisco's most vulnerable residents safe, financially stable, healthy and housed. It has provided free legal advice and representation in civil matters to protect seniors' independence and dignity for more than 40 years. LAE serves over 1,700 clients per year in six primary practice areas: 1) Housing Law/Eviction Defense, 2) Elder Abuse Prevention: Financial and Physical, 3) Health Care Protection, 4) Benefits Advocacy, 5) Consumer Debt Defense, and 6) End of Life Planning.

Financial Statement Presentation

In accordance with U.S. Generally Accepted Accounting, net assets and revenues, expenses, gains and losses are classified 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 – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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 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.

In addition, Legal Assistance to the Elderly, Inc. is required to present a statement of cash flows.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash balances at financial institutions, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Receivables

No allowance for doubtful accounts is made since management believes that all receivables are collectible.

Legal Assistance To The Elderly, Inc.
Notes To Financial Statements
June 30, 2020 and 2019

Note 1-Organization and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair Value Measurements Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data. The Organization had no assets or liabilities recorded at fair value on June 30, 2020.

Donated Services, Facilities and Assets

The Organization receives services donated by citizens that are not accounted for as contributions Donated Services, Facilities and Assets or expense because they do not meet all of the accounting requirements of requiring specialized skills, provided by individuals possessing those skills, which would be purchased by the organization if not donated.

Functional Allocation of Expenses

The organization distributed expenses directly to related programs or supporting services. Expenses that are applicable to several programs and supporting services are allocated among the programs based upon time reports and management estimates.

Income Tax Status

No provision for income tax has been included in the financial statements as the organization has been qualified as tax-exempt under IRS Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Management believes that operations of the organization have been in accordance with its tax-exempt purposes and that there is no unrelated business income. The three most recent years are open to examination.

Support and Revenues

The Organization relies on grants from governmental units, public and private foundations and contributions from individuals and corporations

Legal Assistance To The Elderly, Inc.
Notes To Financial Statements-continued
June 30, 2020 and 2019

Note 1-Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition – All contributions are considered available unless specifically restricted by the donor. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at their fair market value at the date of the donation. The cost of maintenance and repairs is charged to income as incurred: significant renewals and betterments are capitalized. The Organization capitalizes all expenditures for property and equipment in excess of \$2,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 10 years. The cost of furniture and equipment as of June 30, 2019 and 2019 was \$106,388. The cost of leasehold improvements was \$3,900 and was fully depreciated as of June 30, 2020. Accumulated depreciation as of June 30, 2020 and 2019 was \$110,288.

Recent Accounting Guidance

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Legal Assistance to the Elderly, Inc. has adjusted the presentation of these statements accordingly.

During the year ended June 30, 2020, Legal Assistance to the Elderly, Inc. adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), using the retrospective method. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. Analysis of various provisions of this standard resulted in no significant changes in the way Legal Assistance to the Elderly, Inc.s recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a retrospective prospective basis on July 1, 2018. There was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2019.

**Legal Assistance To The Elderly, Inc.
Notes To Financial Statements-continued
June 30, 2020 and 2019**

Note 2- Leases

On June 28, 2020, Legal Assistance to the Elderly, Inc. has entered a new office space lease agreement located at 1663 Mission Street San Francisco. The term starts on September 1, 2020 and is for ten years, with monthly payments ranging from \$ 15,025 to \$34,630 over those ten years, with the lease ending August 31, 2029.

Note 3- Contingencies and the Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and the differences could have a material impact on the financial statements. The Organization depends on government grants and revenues which are subject to inspection and audit by the various funding sources to determine whether the program funds were in accordance with their requirements. The potential exists for disallowance of previously funded amounts. Management believes that the Organization has complied with the terms of each funding source. Accordingly, no provision for disallowance or refund has been recorded. The compensation of certain employees is determined in accordance with a collective bargaining agreement.

Note 4- Liquidity and Availability

As part of Legal Assistance for the Elderly, Inc.'s liquidity management, its goal is to main cash and short-term investments on hand to meet 60 days of normal operating expense, which on average is \$200,000. In addition, any cash in excess of the daily requirements is invested in short-term investments and money market funds.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$256,500
Grants receivable	<u>629,032</u>
Financial assets available at June 30, 2020:	<u>\$885,532</u>

Less those unavailable for general expenditures within one year due to:

Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	<u>(81,650)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$803,882</u>

Legal Assistance To The Elderly, Inc.
Notes To Financial Statements-continued
June 30, 2020 and 2019

Note 5- Net Asset with donor restriction

With donor restrictions were as follows:

<u>Restriction</u>	<u>6/30/2019</u>	<u>Additions</u>	<u>Releases</u>	<u>6/30/2020</u>
Cypress	\$ 13,413	\$ 0	\$ 0	\$ 13,413
IOLTA	5,827	0	(5,827)	0
EQAC	<u>4,864</u>	<u>68,237</u>	<u>(4,864)</u>	<u>68,237</u>
Total	<u>\$ 24,104</u>	<u>\$ 68,237</u>	<u>\$ (10,691)</u>	<u>\$ 81,650</u>

Note 6- Subsequent Events

Management has evaluated subsequent events through November 18, 2020, the date which the financial statements were available to be issued and determined that there were no reportable events.

In December 2019, an outbreak of a novel strain of coronavirus (SARS-CoV-2) spread across the world, including to the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. On March 16, 2020, Public health officers from six Bay Area counties, including San Francisco County, announced at 1 p.m. Monday that the region would “shelter in place” beginning 12:01 a.m. Tuesday to slow the spread of COVID-19, colloquially known as the coronavirus and until further notice, workplaces and businesses should implement telecommuting and teleconferencing for their employees, where appropriate and feasible and that only those employees performing essential duties that cannot be performed by telecommuting should physically come to work. Furthermore, state and local public health directives banned gatherings in any formal setting. As a result of the state and local public health directives, Legal Assistance to the Elderly, Inc.:

- Direct legal services were classified by the City and County of San Francisco as an essential service, and was therefore except to Shelter-in-Place orders. However, for the safety of Legal Assistance to the Elderly’s staff and vulnerable clients, it closed its office to drop-in clients and implemented teleworking for the majority of its employees, effective March 18, 2020.
- Developed different 2020/2021 budget scenarios to determine the best path forward to ensure organizational financial stability for 2020/2021 and beyond in the emerging COVID-19 recession. This process resulted in a revised budget for 2020/2021 and new fund development strategies to support effective organizational functioning and staff retention and address potential budget shortfalls caused by loss of revenue connected to annual in-person performances and recession impacts on philanthropic giving. Future potential impacts may include a continued requirement for employees to work remotely, adjustments to Legal Assistance to the Elderly, Inc.’s annual goals, strategic actions and budget to meet the evolving and emerging needs of people struggling the most to make ends meet, and an impairment of its ability to hold future in person events.

Management and Legal Assistance to the Elderly, Inc.’s Board of Directors continue to carefully monitor the situation, conduct financial scenario planning, and evaluate Legal Assistance to the Elderly, Inc.’s options during this time.

Legal Assistance To The Elderly, Inc.
Notes To Financial Statements-continued
June 30, 2020 and 2019

On June 6, 2020, Legal Assistance to the Elderly, Inc. received loan proceeds in the amount of approximately \$201,785 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

Additionally, on May 1, 2020, Legal Assistance to the Elderly, Inc. received an EIDL Advance which was a grant program offered together with the economic injury loan program. The amount of the grant was determined by the number of employees indicated on the EIDL application: \$1,000/employee, up to a maximum of \$10,000.

ALLAN LIU, CPA

201 Willow Avenue Millbrae, California 94030

Member American Institute of Certified Public Accountants
Member California Society of Certified Public Accountants

E Mail: Allan_Liu@msn.com
Tel: (650) 692-1172/Fax: (650) 692-1194

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

To the Board of Directors
Legal Assistance to the Elderly, Inc.
San Francisco, California

I 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 Legal Assistance to the Elderly, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated November 18, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Legal Assistance to the Elderly, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Legal Assistance to the Elderly, Inc.'s internal control. Accordingly, I 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.

My 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 my audit we did not identify any deficiencies in internal control that I 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 Legal Assistance to the Elderly, Inc.'s financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Allan Liu

Certified Public Accountant
November 18, 2020

Legal Assistance To The Elderly, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FINDINGS AND QUESTIONED COSTS:

PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS

None.

CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS

None.