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Chief Administrator



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Treasurer

February 21, 2013

Robert Graber, Clerk
Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, NY 14202

Dear Mr. Graber:

Pursuant to Article 13 of the agreement with the County of Erie, enclosed please find our financial statements, a copy of the annual report and a copy of the minutes from the annual Board of Directors meeting held on June 21, 2012.

At the February 9, 2012 Board of Directors meeting, a motion to approve changes to the By-Laws was approved. The new By-Laws state that the corporation has no members.

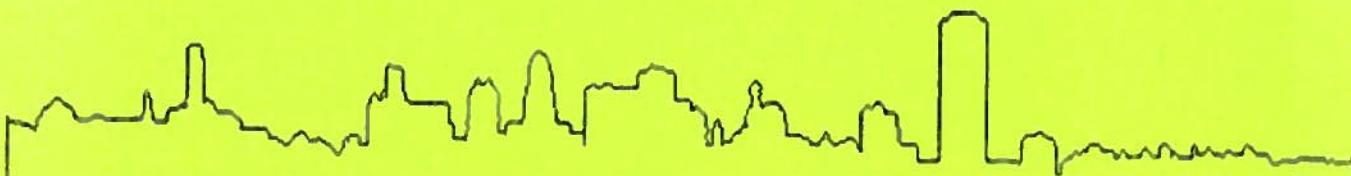
If there are any questions or further information is required, please contact me at extension 501.

Very truly yours,

MICHELE M. FINN
Chief Administrator

MMF/map

Enclosures



**LEGAL
AID
BUREAU**
of Buffalo, Inc.

2011 ANNUAL REPORT



237 Main Street - Suite 1602 Buffalo, New York 14203 716-853-9555

2011 was a year of positive financial change for the Legal Aid Bureau of Buffalo, Inc. Although funding remained a challenge, we were able to expand staff, improve services and provide a wider range civil legal services to individual and families. This was primarily the result of initial distributions stemming from the prior year's state-wide initiatives to increase funding for civil legal services for the poor and improve indigent criminal defense. With an expected doubling of these state funding streams in 2012, the Bureau is looking forward to its 100th year with great optimism.

Although a continuing fiscal crisis in Albany resulted in loss or reduction of several small state contracts and historically low interest rates kept the IOLA Fund (the Civil Unit's largest funder) income at its lowest level in years, Judge Lippman, the Chief Judge of the State of New York, again came to the rescue with judiciary department dollars that made-up for the IOLA fund shortfall. More significantly, Judge Lippman succeeded in establishing a new Judiciary Fund for Civil Legal Services" which distributed 12.5 million dollars across the state to agencies that provide civil legal services to the poor. This permanent fund is expected to double in 2012 and reach \$100 million in 2014. The Bureau's 2011 grant from this fund enabled us to hire two new attorneys and one law graduate in the Civil Legal Services Unit.

In 2011, the Bureau received its first distribution from the newly-created Office of Indigent Legal Services. This new state office is charged with improving indigent defense services state-wide by both requiring counties to meet recognized standards of representation and providing counties with the financial resources to do so. With its first distribution from this office, the Bureau was able to hire a new attorney and senior paralegal in the City Court Office and partially fund a defense-based sentencing advocate. The dollars distributed by this office are also expected to double in 2012.

As the Bureau approaches its 100th Anniversary in 2012, we are hopeful that these two important new funding sources will bring us closer to meeting our goal of providing equal access to justice for all in need of our services.

David C. Schopp

Remarks by the Executive Attorney



The Legal Aid Bureau of Buffalo, Inc. is a charitable not-for-profit corporation founded in 1912 by community leaders to provide legal representation and advice to the poor of our community. The Bureau has served this vital role in Western New York since then. In 2011, it provided advice, representation, or referral to 20,937 persons in need. The Bureau's services are available to low-income individuals in Western New York who cannot afford counsel, except for those of its Attorneys for Children Unit, where no income guidelines apply.

The Legal Aid Bureau is supported by funding from Erie County, the City of Buffalo, the State of New York, the United States government and from the United Way of Buffalo and Erie County, the IOLA (Interest on Lawyer Account) Fund of the State of New York, and the generous contributions of members of the community. Additionally, we receive the services of numerous volunteers and interns from the community and its educational institutions.

The Bureau's Civil Legal Services Unit represents low-income individuals and families in a variety of civil matters that have a direct impact on their quality of life. Additionally, the Legal Aid Bureau accepts all cases assigned to it by the courts, without regard to number. These assigned cases include abused, neglected and other children at risk, who are represented by the staff attorneys of the Attorneys for Children Unit. The attorneys of the Criminal Defense Unit represent criminal defendants arrested in the City of Buffalo. Persons convicted of crimes in Erie County Superior Courts are represented by the lawyers of the Appeals Unit.

CIVIL LEGAL SERVICES

The Civil Legal Services Unit provided a variety of services to low-income clients over the past year, focusing on support of the life essentials our clients need. Our representation included family justice issues, involving Supreme and Family Court matters; fair housing representation, such as mortgage and tax foreclosures, landlord/tenant, and ordinance violations; income maintenance cases, such as representation in unemployment hearings, bankruptcies, social security and public assistance matters; and miscellaneous other cases as needed, including health and education matters, to fully serve our clients.

We aim to provide a holistic service model. Accordingly, we represented clients in multiple matters if necessary to assist them in achieving independent sustainability. Over the last year we greatly expanded our outreach to such vulnerable populations as immigrant and refugee communities, veterans, and those recently released from incarceration, in an effort to connect services to those who have multiple challenges and difficulties. Our staff members have participated in numerous trainings to educate clients about legal issues, which on occasion allowed community members to take action in a timely matter to avoid litigation. In 2011, we were fortunate to hire three new staff members—two attorneys and one law graduate. This addition allowed us to increase the variety of legal services we provided.

Specifically, we further expanded our Re-Entry Services Project, to assist those recently released from incarceration with civil legal matters and reintegrating into society, with the objective of reducing the chance of recidivism. These clients received a variety of services, from assistance in obtaining a Certificate of Relief from Disabilities, to a full spectrum of services spanning housing, family reunification, income maintenance, and child-support matters. In addition, our staff participated in a pilot Federal Re-Entry Court Program, in which civil legal services were rendered to individuals throughout the year as the need arose to bolster their successful reintegration into society.

Civil Unit staff also participated in a new joint collaborative with EPIC (Every Person Influences Children) designed to help parents with mental-health diagnoses to maintain or reunify legal custody and access to their children. We addressed parent groups and implemented a pilot approach to improve early intervention efforts, which we referred to as “legal checkups.” We “checked up” on the status of the client’s housing, family matters, subsistence income, and access to health care and education. In appropriate circumstances, we provided representation in these additional areas to stabilize clients’ circumstances and thereby increase their effectiveness as parents.

We were able to expand our services for unemployment cases. We prevailed at hearings for many individuals, resulting in back awards and future monthly benefits. We collaborated with Volunteer Lawyers Project in educating unemployment clients and in developing a statewide presence in the Unemployment Insurance Coalition for the Western New York region.

All the while we continued our efforts with city tax foreclosures, mortgage foreclosures, and domestic-violence services. As always, we are grateful to numerous volunteers, who provided invaluable assistance.



Civil Legal Services

New Clients	895
Classification of Cases	
Consumer/Finance	5
Education	1
Employment	1
Family	252
Housing	529
Income	51
Individual Right	55
Miscellaneous	1
	Total
	895
Dispositions	
Investigated and Closed at Initial Contact	228
Disposed of Without Litigation after Initial Contact	90
Matrimonial Litigation	85
Eviction Litigation	44
Tax Foreclosure Litigation	165
Ordinance Violation Litigation	134
Other Litigation	63
Mortgage Foreclosure	226
Administrative Proceedings	10
Terminated by Client	207
	Total
	1,252
Telephone Hotline	3,115

ATTORNEYS FOR CHILDREN UNIT

The Attorneys for Children (AFC) Unit of the Legal Aid Bureau of Buffalo was established concurrently with New York State's new Family Court in 1962, and we are now celebrating 50 years of service to children in Erie County. This unit is dedicated to excellence in child-centered legal representation and social advocacy.

Our attorneys are appointed to represent children in Family Court proceedings in recognition of the fact that an attorney for the child is indispensable to the orderly and appropriate disposition of the highly sensitive and frequently complex matters routinely seen in Family Court. Children require the assistance of counsel as well as that of the Bureau's investigators and social workers to help them articulate their wishes and advocate for the desired result.

The staff attorneys of the AFC Unit represented 4,661 clients during 2011, including 75 children on appeals, and made 34,782 court appearances. We continue to handle primarily Abuse and Neglect matters, Juvenile Delinquency and Persons in Need of Supervision (PINS) proceedings.

Attorneys continue to have "in-office" days, which allow for more direct contact with their clients. The attorneys take this responsibility very seriously and view it as vital to their representation. With this approach, we are able to address more than the legal issues that these vulnerable clients present. Through court advocacy, we can ensure they receive appropriate medical attention or educational services that may have been overlooked.

The Attorneys for Children Unit has continued to adopt new and challenging policies in order to adapt to the ever increasing and ever more complicated Family Court cases. The Unit continues to focus on assisting our clients in every way possible and improving the continuity of representation by having one attorney, one Social Worker and a paralegal working together as a team to confer and collaborate on what is the best strategy to advocate for our clients wishes and needs.



Attorneys for Children Unit Cases

	2011
Juvenile Delinquency	547
Persons In Need of Supervision	169
Custody	1,038
Child Protective	1,013
Guardianship	2
Paternity	25
Support	0
Family Offense	121
Approval of Foster Care	11
Termination of Parental Rights	163
Designated Felonies	1
Supplemental Categories*	957
Other	614
Total Children Served	4,661
Total Court Appearances	34,782

*Includes JD, PINS, Child Protective and Designated Felonies violations and extensions of placement, restores, modifications of orders, etc.

CRIMINAL DEFENSE UNIT

FELONY OFFICE

2011 saw changes at the top of the Felony Office. Kenneth Case, who had been instrumental in its formation and served as its Supervising Attorney, left to run (successfully) for an Erie County judgeship. He was succeeded by former Chautauqua County Public Defender William (Billy) Coughlin, who has been active with various initiatives throughout the state to improve and upgrade indigent defense. Caseload reform, funding, and consolidation of services are some of the areas he is concentrating on.

Attorneys in Felony Office continued to face strict plea restrictions from the District Attorney's office. As a consequence, an unusually high percentage of cases were tried with our attorneys obtaining acquittals or convictions of a lesser charge in more than fifty percent of the tried cases.

BUFFALO CITY COURT OFFICE

While the number of clients represented in the City Court of Buffalo did not increase, the number of court appearances per client jumped dramatically. This reflects the trend in all part of Buffalo City Court to have clients and attorneys appear for status updates on cases heading for trial, for compliance reports from counseling agencies, and for status hearing regarding payment of restitution or fines.

The Legal Aid Bureau was successful in 2011 in getting our newly returned veteran clients into the Buffalo Veterans' Treatment Court, the first of its kind in the nation. We persuaded the Erie County District Attorney's Office to allow veterans with post-traumatic stress disorder and other mental-health issues charged with felonies and misdemeanors (many involving violence and sometimes weapons) into the Veterans' Court, where they are assigned veteran mentors and meet with representatives from the Veterans' Administration counseling and benefits staffs.

Increased cooperation with other Bureau units was a hallmark of our work this year. In one case, a young and pregnant girl, formerly a client of the Attorneys for Children Unit, was charged with several crimes in Buffalo City Court, an adult venue. AFC's social worker, who knew her well, worked with our attorneys on her defense. She was ultimately spared jail time and is in residential placement.

2011 concluded with our participation in meetings geared toward establishment of a new Youth Court in Buffalo City Court. Its goal is to keep young adults in school while their criminal matters are resolved by plea or trial. A GED class is available for those who have dropped out of school.



Criminal Defense Unit

New Defendants	12,101	Finding after Trial		Community Service	
Felony	2,073	Guilty as Charged	19	Felony	11
Felony (Drug)	57	Guilty to Lesser	31	Misdemeanor	51
Felony (DV)	388	Dismissed (also Not Guilty)	38	Violation	4
Misdemeanor	8,018			Fine	
Violation	1,359	Sentences		Felony	66
Infraction	41	Jail		Misdemeanor	967
Pleas as Charged	911	Felony	457	Violation	76
Felony	85	Misdemeanor	1,204	Infraction	14
Misdemeanor	459	Violation	95	Unconditional Discharge	
Violation	347	Infraction	2	Misdemeanor	43
Infraction	20	Probation		Violation	25
Pleas to Lesser		Felony	123	Other	3
Felony	996	Misdemeanor	51	Closed Cases (Other)	
to lesser Felony	68	Conditional Discharge		ACD	1,702
Misdemeanor	474	Felony	458	Private Counsel	706
Violation	396	Misdemeanor	1,796	Assigned Counsel	406
Infraction	58	Violation	180	Dismissed on Motion	1,149
Misdemeanor	3,674	Infraction	6	Speedy Trial	1,568
to lesser Misdemeanor	643	Prison		Warrant (status changed from closed to inactive May 2011)	265
Violation	1,997	Felony	39	No Bill	23
Infraction	1,034	Misdemeanor	2	Admit to VOP	79
Violation	13	Prison—Willard Program	6	Not Guilty to VOP	2
to lesser Violation	0	Shock	1	Transfer to Family Court	2
Infraction	13			Rejected	3
Trials	88			Other	445
Felony	36				
Misdemeanor	43				
Violation	9				

APPEALS UNIT

In 2011 the attorneys of the Appeals Unit were able to secure significant relief for many of their clients, indigent criminal defendants who were convicted in Erie County superior courts. While the favorable results were, of course, most meaningful to the client involved, the precedents created by these cases will impact the practice of criminal law throughout Western New York and, sometimes, the entire state in those cases in which the state's highest court, the Court of Appeals, has decided a Legal Aid Bureau appeal.

For example, a staff attorney convinced the Court of Appeals to accept for review the case of our client, who had been convicted of assault in the first degree for an incident in which her nephew was accidentally burned by water from a pot on a stove. The Court of Appeals modified the felony conviction to misdemeanor assault, determining that there was insufficient proof that she had acted recklessly. The Appeals Unit also secured the best possible result for another client when a staff attorney argued persuasively that he was wrongly convicted of escape in the first degree. The Appellate Division reversed the client's conviction, dismissed the charges, and ordered him released from prison.

For many clients a favorable result may not be the dismissal of the charges but an opportunity for a new, fair trial upon the Appellate Division's determination that the first trial did not comport with due process. The Court agreed with the staff attorney that our client deserved a new murder trial because the trial judge had mishandled a note from the jury.

Many cases involve mistakes of procedure on the part of the trial court. It is the responsibility of the Appeals Unit staff attorney, based upon his/her experience and legal knowledge, to discern these errors and argue that the matter must be corrected. Sometimes, the Appellate Division agrees with the Appeals Unit attorney that the case must be sent back to the trial court for a hearing on certain issues before the Appellate Division can render a decision. Some of these issues we handled were whether 1) trial counsel was ineffective, 2) defense counsel had consented to the verdict sheet submitted to the jury, 3) defendant's motion to withdraw his guilty plea should be granted. In some cases it is clear to the staff attorney that the trial court has failed to follow the proper procedures under the Sex Offender Registration Law when determining the risk level of a defendant; accordingly, the Appellate Division had sent the cases of two men back to the trial court. Trial judges have also erred in applying the Drug Law Reform Act in which the legislature authorized resentencing for defendants serving draconian sentences for drug crimes under the Rockefeller drug laws; three of our clients all received the assistance of Appeals Unit staff attorneys in their quest for resentencing. We have been successful in achieving reduced or corrected sentences for a number of other clients as well.

Chief Judge Jonathan Lippman of the Court of Appeals has urged judges of his court to accept more cases for review. In early 2012 the Legal Aid Bureau was notified that the Court of Appeals has granted permission to appeal in two cases that have the potential in the next year to yield further favorable results for our individual clients as well as new law for practitioners across the state.

Appeals Unit

Cases Closed	165	Other Submissions	43
Appeals Pending	210	Application for Leave to Appeal	
Briefs Filed	130	to Court of Appeals	73



2011 Financial Summary

There was a \$31,653 increase in unrestricted net assets at the end of 2011. Total unrestricted net assets at year end was \$388,221, the difference between total assets of \$1,533,088 and total liabilities of \$1,144,867.

The provision of criminal legal services is funded through four (4) grants from the County of Erie. The largest grant was for a total of \$3,424,284, an increase of \$33,904 or 1% from 2010. As of June 1, 2011, Legal Aid was awarded \$106,725 from the County through the New York State Office of Indigent Legal Services. The purpose of the funding is to assist the County in improving the quality of indigent legal services pursuant to article 18B of the county law. The funding was used to create a new criminal defense staff attorney position in the Buffalo City Court office and to hire a paralegal to assist in the specialty courts – such as Drug Court, Mental Health Court, Veterans Court, and Housing Court. The two (2) other grants, the Aid to Defense and Byrne JAG grant, are provided by the state to the county and then passed through to Legal Aid. These grants decreased by \$39,800, based on the state's fiscal year. These four (4) grants provide the funding necessary for the Felony Appeals and Criminal Defense Units.

The New York State Unified Court System Office of Court Administration awarded \$2,491,943, a \$48,862 or 2 percent increase, to fund 16 attorneys, 4 social workers, 3 investigators, 1 secretary, and 2 data entry clerks, plus other expenses incurred by the Attorneys for Children Unit. The unit also received \$5,000 from the New York Bar Foundation to develop training materials to educate professionals in the Eighth Judicial District about the educational needs and rights of court-involved children.

The Civil Legal Services Unit receives funding from the New York State Unified Court System, the Interest on Lawyer Account Fund of the State of New York, the City of Buffalo Urban Renewal Agency, the New York State Department of State, and the New York State Division of Criminal Justice Services, as well as other sources noted below.

The Civil Legal Services Unit was infused with new funding in 2011. The Oversight Board for Judiciary Civil Legal Services Funds in New York awarded \$121,000 for the provision of civil legal assistance to low-income New Yorkers in matters involving the essentials of life. The award provided funding for two (2) additional staff attorneys and one (1) law graduate to allow an expansion of services in unemployment cases and to continue service delivery in housing matters, family matters involving domestic violence, mortgage foreclosure defense, and income maintenance issues.

Another new grant received in 2011 was from EPIC –Every Person Influences Children. The grant provided \$75 per hour to provide workshops, professional development to assist local service providers in understanding the custody process, and legal services and representation to eligible families in transition.

The Civil Legal Services Unit was awarded \$250,000 from the Interest on Lawyer Account Fund of the State of New York for the provision of civil legal services. This was the second year that Chief Judge Jonathan Lippman was able to secure additional funding to off-set the dramatic reduction in income generated from interest on short-term or nominal client escrow accounts accumulated for the Interest on Lawyer Account (IOLA) Fund.

Westside Neighborhood Housing Services granted \$33,498 to Legal Aid to provide legal representation and related services for the Mortgage Foreclosure Prevention Project. The 2010 grant of \$100,000 from Belmont Shelter Corporation for the project ended December 31, 2011. Both agencies have agreed to provide additional funding for the project in 2012. The New York Bar Foundation approved a \$10,000 grant requested by Legal Services for the Elderly, Disabled or Disadvantaged (LSED) for the Mortgage Foreclosure Prevention Project. The grant was divided between the Project's legal service providers – Legal Aid and LSED. The New York State Division of Criminal Justice Services provided \$38,480 for the project that was also split between the two legal services agencies.

The Judges for the Western District of New York made a \$15,000 donation from its District Court Fund in recognition of the specialized civil legal services provided by the Civil Legal Services Unit to participants in the Western District's Reentry Court Program.

The New York State Division of Criminal Justice Services provided a \$7,899 grant to serve approximately 120 clients that required housing related services. The state agency also provided \$11,090 to the Civil Legal Services Unit to provide both general civil legal services to the indigent population of Erie County and more specifically to represent individuals in divorce proceedings fraught with complicated issues. The New York State Department of State also awarded \$27,500 to the Civil Legal Services Unit.

The Bureau was also invited to participate with the ECBA Volunteer Lawyers Project and Legal Services for the Elderly, Disabled or Disadvantaged to sponsor the 2011 Champions for Justice Bash. Proceeds from the bash were split among the three (3) civil legal services providers to continue the mission of making access to justice a reality.

In addition to the funding sources noted above, the Bureau's revenue also included other sources, including donations received from local attorneys and other interested parties through our membership drive and donations from area law firms, as well as donations received through the United Way of Buffalo and Erie County annual campaign. These donations are an extremely important factor in funding our Civil Legal Services Unit and are, therefore, greatly appreciated.

In December 2011, in a collaborative effort, the Bureau and both unions agreed to offer health insurance to the employees through a single health insurance provider. In the past, coverage was offered by two to three health insurance providers. By selecting one provider, the provider is able to provide health insurance rates that are based on the population and claims of the Bureau's employees. With the savings generated, the Bureau was able to offer employees an increase in salary without a loss in health insurance benefits. In 2010 and 2011, the cost of employee benefits and payroll taxes represented over 28 percent of salary. This percentage was extremely high as compared to other not-for-profit agencies, and created some complications with our funding sources. We are hopeful that the percentage of employee benefits and payroll taxes as compared to salary will decrease to a more comparable level in 2012 and beyond.

Finally, we would like to thank our staff, volunteers, the community, and our funders for their role in helping us provide legal advice and representation to the financially needy men, women, and children in Western New York.



THE LEGAL AID BUREAU OF BUFFALO, INC.

Statement of Activities

Year ended December 31, 2011

Unrestricted revenue:

City of Buffalo	\$ 113,075	1.66%
County of Erie	3,574,740	52.60%
State of New York	2,707,304	39.84%
Membership dues, contributions and other grants	141,693	2.09%
Indirect public support - United Way of Buffalo and Erie County	5,880	0.09%
Interest on Lawyer Account Fund of the State of New York	248,534	3.66%
Interest income	2,689	0.04%
Miscellaneous	<u>1,564</u>	<u>0.02%</u>
Total unrestricted revenue	<u>\$6,795,479</u>	100.00%

Unrestricted expenses:

Program services:

Civil Unit	693,190
Felony Appeals	988,310
Criminal Defense Unit	2,357,313
Attorneys for Children	<u>2,244,513</u>
Total program services	6,283,326
Management and general	<u>480,500</u>
Total unrestricted expenses	<u>6,763,826</u>
Increase in unrestricted net assets	<u><u>31,653</u></u>

CERTIFIED TO BE TRUE AND ACCURATE:


IRVING A. BARRETT, JR., TREASURER

THE LEGAL AID BUREAU OF BUFFALO, INC.
Statement of Functional Expenses
Year ended December 31, 2011

Expenses

Salaries	\$4,843,802	71.61%
Employee benefits	985,789	14.57%
Payroll taxes	<u>382,871</u>	5.66%
Total salaries and related expenses	6,212,462	91.85%
Professional fees	122,594	1.81%
Temporary staffing	14,115	0.21%
Supplies	19,075	0.28%
Telephone	16,602	0.25%
Postage	16,376	0.24%
Occupancy	180,406	2.67%
Transportation	32,714	0.48%
Conferences	18,248	0.27%
Subscriptions and publications	26,109	0.39%
Specific assistance to clients	11,658	0.17%
Insurance	26,992	0.40%
Membership dues	12,141	0.18%
Furniture and equipment	11,898	0.18%
Maintenance and repairs	18,372	0.27%
Interest	636	0.01%
Miscellaneous	10,775	0.16%
Depreciation and amortization	<u>12,653</u>	0.19%
Total expenses	<u>\$6,763,826</u>	100.00%

CERTIFIED TO BE TRUE AND ACCURATE:



IRVING A. BARRETT, JR., TREASURER



2011 Legal Aid Bureau Staff

Executive Attorney
David C. Schopp

Chief Administrator
Michele M. Finn

Office Manager
Judith A. Benson

Chief Attorney, Criminal Defense Unit
Helen W. Zimmermann
Managing Attys, Criminal Defense Unit
Danielle H. Maichle
William Coughlin

Chief Attorney, Appeals Unit
Barbara J. Davies

Chief Atty, Attorneys for Children Unit
Pamela L. Neubeck
Managing Attorney, AFC Unit
Russell E. Fox
Support Staff Supervisor, AFC Unit
Lucille DiFiglia

Chief Attorney, Civil Legal Services Unit
Lisa R. Strand

Staff Attorneys

Daniel E. Barry, Jr.
Paula Burko
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Marc J. Connors
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Treneeka Cusack
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Holly A. Erick
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Michael C. Walsh
Karla J. Zimmerman

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David Bentivegna
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Michelle A. Gospodarski

Jessica Jackson
Eliezer Montes
Maria Del Carmen Montes
Barbara Mulroy
Patricia A. Newton
Deborah A. Notto
Gail C. Pohl
Michele A. Poulos

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Ana Rodriguez
Robert M. Sandgrund
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Danyell Sugg
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Paul Morrison-Taylor

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Raymond J. Stapell

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2011 Volunteers

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Amanie Akarah

Curtis Barnett

Sherry Chase

Alkeem Cooper

Mark D'Elia

Shannon Daugherty

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Eric Kuzma

Sarah Lasher

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Tae Kyung Sung

Tara Ward

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Alan Williams



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Robert Hallborg, Jr.
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Lauren E. Breen
Lucille DiFiglia
Michele Finn
Bernard B. Freedman
Amanda F. McCormick
Lynette Mende
Susan Ministero
Dr. Gail E. Radford

\$1000
Paul B. Zuyodhoek



Other
Anonymous (1)

\$250 - \$499
Barbara Davies
Pamela Neubeck
Lisa M. Patterson
Helen Zimmermann

\$50 - \$99
Anonymous (2)
Dorothy J. Adams
Irving A. Barrett, Jr.
Glenn Baum
Kathleen A. Callan
Jessica Jackson
Robert Kemp
Rocco Lucente II
Ana Rodriguez
David C. Schopp
Mark Sebastian
Gary Surowiec

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\$1000
Lipsitz & Ponterio, LLC

\$500
Hamberger & Weiss
LoTempio & Brown
Roach, Brown, McCarthy & Gruber, P.C.

\$250
Hogan Willig

\$150
Campbell & Shelton LLP

Up to \$149
The Ballow Law Firm
Brautigam & Brautigam
Chiacchia & Fleming, LLP
Kadish & Fiordaliso
Radack & Hartnett
The Long Firm
The Paradise Law Office

2011-2012 Contributors

\$1500

James & Fidelma Rooney

\$500+

Elizabeth Carlson
George Kannar
David Kernan
W. Donn McCarthy
Patrick O'Reilly
Rocco Lucente
Steven Weiss

\$250-499

Cindy Bennes
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Paula Ciprich
J. Eldon Owens
Sally Logan
Robert Meiss
George Riedel, Jr.
Paul Taylor
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Brian Weidner
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Kathleen Carmody
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Joseph Connelly
John Curtin
Barbara Davies
Shelia Dickinson
Lydia Evans
Randy Fahs
John Feroletto
Paula Feroletto
David Floyd
Elizabeth Fox-Solomon
Robert W. Frangooles
Bernard Freedman
John Froman, Sr.
Jeffrey Fuchs
William Gardner
Joseph Gerace
Gerald Gorman
Kenneth Graber
Leslie Greenbaum
Gondree Family
Charles Hahn
Paul Hassett, Jr.
Thomas Hewner
Marilyn Hochfield
Susan Hogan
Thomas Hyde
Paul Isaac
Charles Jacobs
Peter Jasen
Alice Joseffer
Thomas Keable
Mary Ann Killen Ast
Peter Kooshoian
Robert Kresse
Karl Kristoff
John Lane

Courtland LaVallee
David Lazenski
Richard Lipsitz
James Magavern
Frederick Marshall
Brenda Mattar
Kathleen McMahon-Stoll
Aileen M. McNamara
Frank Mesiah
Ann T. Mikoll
F. Harris Nichols
Francis Offermann, Jr.
Randolph Oppenheimer
Mark Peszko
Art Petricca
Theodore Pyrak
Lauren Rachlin
Adam Rizzo
Richard Rosso
Arthur Russ, Jr.
Joseph Saeli, Jr.
Nancy Saia
James Schmit
David Seaman
Joseph Shifflett
James Smyton
Arnold Soeder
Dennis Speller
David Sweet
Cynthia Vance
Kathleen Veigh O'Brian
Dale Volker
James Wadsworth
Ann Williams
Therese Wincott
Joseph Zdarsky

2011-2012 Contributors (cont'd)

Helen&George Zimmermann

\$50-99

Thomas Bender
Diane Bosse
Alan Carrel
Phil Celniker
Peter Costa
Victoria D'Angelo
William Daetsch
Daniel Dillon
Thadeus Dziekonski
John Elliott
Thomas Farley, Jr.
Wayne Freid
Harry Forrest
Thomas Gaffney
Arthur Giacolone
Eric Glazer
Lyle Hajdu
David Hall
Vincent Hanley
Fenton Harrison
Franklin Heller
Herbert Johnson, Jr.
Karen Kaczmariski
Peter Klein
Robert Klump

Robert Kutzuba
Thomas Lokken
Colleen Losi
Thomas Nelson
Laurence Oppenheimer
Catherine Panepinto
Paul Pearson
Lawlor Quinlan, III
Patrick Quinlivan
Howard Rosenhoch
Steven Rubinstein
Holly Schoenborn
Michael Shannon
Robert Sillars
William Skretny
Oscar Smukler
Margaret Snajczuk
John Thompson
Melissa Tocha
Judith Voit
John Walsh
Frederick Wolf
Laurence Woodward
John Zak

Other

Gary Billingsley
George Blair, Jr.

Peter Clark
Lynn Clarke
Lawrence Franco
Herman Ginsburg
Frederick Gugino
David Hoover
Gary Kanaley
Neil Katz
Mary Knauf
Eleanor Kubiniec
Paul Kullman
Robert Lawrence
Robert Levi
Francine Modica
Julia Mombrea
Sue Murszewski
Randall Odza
Mary Ann Oliver
Edward Pace
Louis Russo
Eugene Smolka
Jeffrey Spencer
Thomas Troy
Wendy Tuttle
Denis Uminski
Mary Ann Virginia
Thomas Ward
Ruth Wiseman

**MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS OF
THE LEGAL AID BUREAU OF BUFFALO, INC.
June 21, 2012**

PRESENT:

Irving A. Barrett, Jr.
Howard G. Foster
Courtland R. LaVallee
Rocco Lucente II
James L. Magavern
Charles C. Martorana
Frank B. Mesiah
Timothy Murphy
Lisa M. Patterson
Tiffany Perry
James J. Rooney
Robert Sandgrund
David C. Schopp, Chief Executive Officer
Michele M. Finn, Chief Administrator

NOT ATTENDING:

Patrick J. Brown
Elizabeth Carlson
Treneeka Cusack
Bernard B. Freedman
Rev. James A. Lewis III
Paul Morrison-Taylor
Raymond P. Reichert
Allison Stravino

President James Rooney called the meeting to order. He asked for a motion to approve the April 19, 2012 Board minutes. Courtland LaVallee made the motion, seconded by Howard Foster and they were unanimously approved.

Newly admitted staff attorney Kamalie Liyange from the Civil Legal Services Unit was introduced to the Board. Ms. Liyange spoke to the members about a grant LAB would like to submit with a partner organization, Journeys End to the Oishei Foundation for approximately \$400,000 for a three-year period. Although the grant application is in its beginning phase, it is necessary to have Board approval for the application. A motion authorizing Legal Aid's participation in the submission of a grant request to the John R. Oishei Foundation in partnership with Journey's End Refugee Service was made by Courtland LaVallee, seconded by Howard

Foster and approved with one abstention vote (due to a possible conflict of interest) in favor of the resolution.

Mr. Schopp highlighted his Executive Attorney's report that has been distributed to the Board. (See below):

Criminal Defense and Appeals Unit

- *We are in the process of interviewing a total of 15 candidates for the managing attorney position in Buffalo City Court formerly held by Helen Zimmermann. We have hired Kelly Connors, an attorney with approximately 2 years of criminal defense experience, to fill a vacancy.*

(At this time Charles Martorana and Robert Sandgrund arrived.)

- *Work on the additional space in city court continues to be delayed. We are beginning to look into short-term options to relieve the overcrowding.*

A suggestion was made to see if space might be available at City Hall. (At this time Tiffany Perry arrived.)

- *We are progressing with our plan to expand our appellate representation to surrounding counties. We are currently working with Genesee, Wyoming and Chautauqua Counties.*

A discussion arose regarding space and staffing. Mr. Schopp stated we anticipate the need for 2 staff attorneys and a paralegal to cover the additional work.

Civil Legal Services Unit

- *Our Judiciary Office Funding for 2012-2013 has doubled from last year's amount of \$121,000 to \$240,000.*
- *The New York Attorney General's Office has just issued an RFP to distribute \$15 Million for legal services in mortgage foreclosure cases. We are meeting tomorrow with WNY Law Center and Legal Services for the Elderly to discuss the possibility of a joint application.*

Chief Administrator Michele M. Finn made the following treasurers report:

- Ms. Finn stated the Finance Committee will be meeting and will present financial statements at the September meeting. Ms. Finn also stated the draft financial statements distributed at this meeting that are used for the 2011 Annual Report were not issued by the auditors.

- Aid to Defense funding allocation is the same as last year, \$73,700.
- Legal Aid made a \$50,000 application to M & T.
- Funding from IOLA decreased \$10,000 from last year's \$250,000 to \$240,000.
- The Bureau will receive \$242,000 from the Oversight Board for Judiciary Civil Legal Services Funds. This represents a 50% increase from the prior year's allocation of \$121,000 for nine months.
- Bura funding decreased for housing to \$47,162 a decrease of 8% (\$4,325) from last year's \$51,487 and for Mortgage Foreclosure Prevention Project \$34,887, a decrease of 8.4% (\$3,199) from last year's \$38,086.
- The Bureau requested \$25,000 from the Emergency Shelter Grant. This funding is still unknown.
- A \$25,000 grant received from the Community Foundation for Greater Buffalo for Mortgage Foreclosure Prevention Project will be split with Legal Services for the Elderly.
- The Bureau applied for \$20,000 from the United Way for the Re-entry program.
- The Bureau received final figures for the Mortgage Foreclosure program from Belmont Shelter and Westside. \$41,986 will be received from Belmont for a nine month period. The previous grant was for \$100,000 for 18 months. Westside funding will be \$19,538 for nine months, prior funding was \$33,499 for 12 months.
- Indigent Legal Services for 6/1/12-5/31/13 is \$242,522 a \$135,797 (127%) increase from prior year's \$106,725. The Bureau requested continuation of a staff attorney and paralegal in Buffalo City Court; plus an appeals attorney and a part-time receptionist for Buffalo City Court.
- Legal Aid received two payments of \$881,753 each from Erie County in April 2012. A third payment of \$881,753 is due July 1, 2012. \$1,007,808 from the State for the Attorneys for Children program was also received in April 2012.
- The Bureaus has \$1,505,810 in a saving account at this time.

Report of Committees:

Planning and Development Committee

Chairperson Rocco Lucente, stated M & T Bank is considering a \$50,000 challenge grant over a 5-years period. The Bureau's goal would be \$100,000 that will be put in a separate fund for

operations. The 100th Anniversary celebration will be held on Wednesday, October 24th, 2012. The P & D committee's subcommittees are working on the various details.

The Champion for Justice Bash will take place four weeks after Legal Aid's 100th Anniversary celebration. Board members suggested that Legal Aid take a lesser participation level for the Bash event this year. Mr. Schopp stated he will take this information back to the other agencies.

Finance Committee

Chairperson Irving Barrett stated the committee is working with the staff on a possible change to the Bureau's retirement program, which would combine the employer and employee contributions in a single plan. This would reduce administration fees and help ease compliance. More meetings are scheduled during the summer.

By-Laws Committee

Lisa Patterson stated the proposal suggested at the last meeting will be investigated and may require changes to the Article of Incorporation. Ms. Patterson will have information at the next Board meeting.

Nominating Committee

Chairperson James Rooney stated the vote for the Executive Committee and for new and returning Board members whose terms expired will take place in September. However, Mr. Rooney stated Paul Morrison-Taylor, Rev. James Lewis and Raymond Stapell terms are expiring this month. Mr. Rooney asked board members to please contact him with suggestions to fill these positions. A discussion arose regarding the vacancies and obtaining representatives from large law firms or with insurance expertise.

Old Business – None

New Business – Jim Magavern stated for disclosure purposes, he volunteers at the WNY Law Center.

David Schopp stated the Bureau has submitted a grant request to the National Institute of Justice to fund a joint project with UB Law School and School of Sociology to fund a three-year project which would handle collateral post conviction matters in conjunction with our criminal appeals.

A motion was made and unanimously approved to end the meeting.

Respectfully submitted,

David C. Schopp
Assistant Secretary

THE LEGAL AID BUREAU OF BUFFALO, INC.
Financial Statements
December 31, 2011
(With Independent Auditors' Report Thereon)

THE LEGAL AID BUREAU OF BUFFALO, INC.

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* * * * *

INDEPENDENT AUDITORS' REPORT

**The Board of Directors
The Legal Aid Bureau of Buffalo, Inc.:**

We have audited the accompanying statement of financial position of The Legal Aid Bureau of Buffalo, Inc. as of December 31, 2011 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Bureau's 2010 financial statements and, in our report dated June 15, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Legal Aid Bureau of Buffalo, Inc. as of December 31, 2011 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Toski & Co., CPAs, P.C.

Williamsville, New York
July 13, 2012

THE LEGAL AID BUREAU OF BUFFALO, INC.
Statement of Financial Position
December 31, 2011
with comparative totals for 2010

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Cash	\$ 1,077,864	821,591
Accounts receivable	399,527	288,564
Prepaid expenses	27,135	31,607
Property and equipment, at cost:		
Furniture and equipment	243,816	241,250
Leasehold improvements	<u>69,012</u>	<u>67,212</u>
	312,828	308,462
Less accumulated depreciation and amortization	<u>(284,266)</u>	<u>(272,824)</u>
Net property and equipment	<u>28,562</u>	<u>35,638</u>
Total assets	<u>\$ 1,533,088</u>	<u>1,177,400</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	122,993	50,872
Accrued expenses	159,675	177,678
Accrued vacation pay	230,194	224,357
Client advances	92,670	27,894
Deferred revenue	<u>539,335</u>	<u>340,031</u>
Total liabilities	1,144,867	820,832
Unrestricted net assets	388,221	356,568
Commitment (note 6)	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 1,533,088</u>	<u>1,177,400</u>

See accompanying notes to financial statements.

THE LEGAL AID BUREAU OF BUFFALO, INC.
Statement of Activities
Year ended December 31, 2011
with comparative totals for 2010

	<u>2011</u>	<u>2010</u>
Unrestricted revenue:		
Fees and grants from governmental agencies	\$ 6,395,119	6,287,334
Membership dues, contributions and other grants	141,693	142,414
Indirect public support - United Way of Buffalo and Erie County	5,880	6,658
Interest on Lawyer Account Fund of the State of New York	248,534	223,026
Interest income	2,689	2,214
Miscellaneous	<u>1,564</u>	<u>2,094</u>
Total unrestricted revenue	<u>6,795,479</u>	<u>6,663,740</u>
Unrestricted expenses:		
Program services:		
Civil Unit	693,190	682,043
Felony Appeals	988,310	1,056,719
Criminal Defense Unit	2,357,313	2,261,745
Attorneys for Children	<u>2,244,513</u>	<u>2,150,841</u>
Total program services	6,283,326	6,151,348
Management and general	<u>480,500</u>	<u>497,970</u>
Total unrestricted expenses	<u>6,763,826</u>	<u>6,649,318</u>
Increase in unrestricted net assets	31,653	14,422
Unrestricted net assets at beginning of year	<u>356,568</u>	<u>342,146</u>
Unrestricted net assets at end of year	<u>\$ 388,221</u>	<u>356,568</u>

See accompanying notes to financial statements.

THE LEGAL AID BUREAU OF BUFFALO, INC.
Statement of Functional Expenses
Year ended December 31, 2011
with comparative totals for 2010

	<u>Civil Unit</u>	<u>Felony Appeals</u>	<u>Criminal Defense Unit</u>	<u>Attorneys for Children</u>	<u>Total program services</u>
Salaries	\$ 463,527	728,058	1,750,677	1,610,279	4,552,541
Employee benefits	102,383	138,067	321,430	358,122	920,002
Payroll taxes	<u>37,413</u>	<u>57,667</u>	<u>137,181</u>	<u>126,938</u>	<u>359,199</u>
	603,323	923,792	2,209,288	2,095,339	5,831,742
Total salaries and related expenses					
Professional fees	19,354	362	46,319	10,757	76,792
Temporary staffing	7,146	1,806	4,281	882	14,115
Supplies	3,655	2,477	3,178	7,511	16,821
Telephone	1,564	2,125	5,342	6,740	15,771
Postage	3,619	3,224	6,817	2,066	15,726
Occupancy	35,295	30,583	25,647	65,249	156,774
Transportation	2,883	3,058	5,984	19,578	31,503
Conferences	1,720	2,300	5,919	5,527	15,466
Subscriptions and publications	3,421	8,438	7,495	6,106	25,460
Specific assistance to clients	1,794	10	8,269	1,585	11,658
Insurance	2,554	3,839	9,014	7,426	22,833
Membership dues	1,722	1,526	4,799	2,764	10,811
Furniture and equipment	1,120	948	3,387	4,850	10,305
Maintenance and repairs	1,005	1,347	6,193	3,293	11,838
Interest	-	-	-	-	-
Miscellaneous	<u>2,334</u>	<u>262</u>	<u>1,975</u>	<u>4,840</u>	<u>9,411</u>
	692,509	986,097	2,353,907	2,244,513	6,277,026
Total expenses before depreciation and amortization					
Depreciation and amortization	<u>681</u>	<u>2,213</u>	<u>3,406</u>	-	<u>6,300</u>
	<u>\$ 693,190</u>	<u>988,310</u>	<u>2,357,313</u>	<u>2,244,513</u>	<u>6,283,326</u>

(Continued)

See accompanying notes to financial statements.

THE LEGAL AID BUREAU OF BUFFALO, INC.
Statement of Functional Expenses, Continued

	Total program services	Management and general	Total <u>2011</u>	<u>2010</u>
Salaries	\$ 4,552,541	291,261	4,843,802	4,716,856
Employee benefits	920,002	65,787	985,789	977,339
Payroll taxes	359,199	23,672	382,871	371,696
	<u>5,831,742</u>	<u>380,720</u>	<u>6,212,462</u>	<u>6,065,891</u>
Total salaries and related expenses				
Professional fees	76,792	45,802	122,594	125,002
Temporary staffing	14,115	-	14,115	15,332
Supplies	16,821	2,254	19,075	27,308
Telephone	15,771	831	16,602	15,853
Postage	15,726	650	16,376	15,436
Occupancy	156,774	23,632	180,406	175,390
Transportation	31,503	1,211	32,714	32,727
Conferences	15,466	2,782	18,248	12,369
Subscriptions and publications	25,460	649	26,109	35,506
Specific assistance to clients	11,658	-	11,658	16,874
Insurance	22,833	4,159	26,992	26,810
Membership dues	10,811	1,330	12,141	13,513
Furniture and equipment	10,305	1,593	11,898	12,139
Maintenance and repairs	11,838	6,534	18,372	24,064
Interest	-	636	636	4,335
Miscellaneous	9,411	1,364	10,775	7,510
	<u>6,277,026</u>	<u>474,147</u>	<u>6,751,173</u>	<u>6,626,059</u>
Total expenses before depreciation and amortization				
Depreciation and amortization	6,300	6,353	12,653	23,259
	<u>\$ 6,283,326</u>	<u>480,500</u>	<u>6,763,826</u>	<u>6,649,318</u>

See accompanying notes to financial statements.

THE LEGAL AID BUREAU OF BUFFALO, INC.
Statement of Cash Flows
Year ended December 31, 2011
with comparative totals for 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ 31,653	14,422
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	12,653	23,259
Changes in:		
Accounts receivable	(110,963)	475,349
Prepaid expenses	4,472	(430)
Accounts payable	72,121	(20,527)
Accrued expenses	(18,003)	69,066
Accrued vacation pay	5,837	7,818
Client advances	64,776	5,392
Deferred revenue	<u>199,304</u>	<u>54,085</u>
Net cash provided by operating activities	261,850	628,434
Cash flows from investing activities - additions to property and equipment	<u>(5,577)</u>	<u>(16,950)</u>
Net increase in cash	256,273	611,484
Cash at beginning of year	<u>821,591</u>	<u>210,107</u>
Cash at end of year	<u>\$ 1,077,864</u>	<u>821,591</u>
 Supplemental schedule of cash flow information:		
Cash paid during the year for interest	<u>\$ 636</u>	<u>4,335</u>
Disposal of fully depreciated property and equipment	<u>\$ 1,211</u>	<u>13,687</u>

See accompanying notes to financial statements.

THE LEGAL AID BUREAU OF BUFFALO, INC.

Notes to Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The Legal Aid Bureau of Buffalo, Inc. (the Bureau) is a not-for-profit corporation formed for benevolent and charitable purposes; to render legal aid, gratuitously, to persons who are financially unable to procure legal assistance in the County of Erie, New York; to assist or defend such persons without means in the pursuit of any civil remedy or legal right, or in defense of any civil, criminal or quasi-criminal prosecution or other offenses, and to promote measures for their protection; to supervise auxiliary programs and to cooperate with other agencies.

(b) Basis of Accounting

The financial statements of the Bureau have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The Bureau reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Bureau had only unrestricted net assets in 2011 and 2010.

(d) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash

For purposes of reporting cash flows, cash includes money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

(f) Property and Equipment

Furniture, equipment, and leasehold improvements owned by the Bureau are stated at cost. Depreciation of furniture and equipment is provided using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided over the remaining term of their respective leases, not including any extensions of the terms of the lease agreement exercised after the leasehold improvement was made.

Certain program sponsors retain title to furniture, equipment and law texts acquired with their funds. Expenditures for such items so acquired are not capitalized but recorded as program expense.

(g) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statement of financial position as deferred revenue.

THE LEGAL AID BUREAU OF BUFFALO, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Contributed Services, Materials and Equipment

During the years ended December 31, 2011 and 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the Bureau. Donated materials and equipment, when received, are recorded as contributions at their estimated fair market value at date of donation.

(i) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(j) Subsequent Events

The Bureau has evaluated events after December 31, 2011, and through July 13, 2012, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(k) Income Taxes

The Bureau is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is reflected in the financial statements. The Bureau has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Bureau presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Bureau has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Bureau are subject to examination by taxing authorities. The Bureau is no longer subject to tax examination for the years ended December 31, 2007 and prior.

(2) Fees and Grants from Governmental Agencies

A summary of fees and grants from governmental agencies for the years ended December 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
City of Buffalo	\$ 113,075	128,133
County of Erie	3,574,740	3,603,484
State of New York	<u>2,707,304</u>	<u>2,555,717</u>
Total fees and grants from governmental agencies	<u>\$ 6,395,119</u>	<u>6,287,334</u>

THE LEGAL AID BUREAU OF BUFFALO, INC.
Notes to Financial Statements, Continued

(3) Retirement Plan

The Bureau participates in a defined contribution retirement plan which is underwritten by Principal Life Insurance Company. All employees who are at least age 21 and have provided a minimum service of two years are eligible for coverage under the plan. The plan requires that the Bureau contribute 6% of participants' annual salary. Participants are fully vested from their first day of participation in the plan. Retirement expense amounted to \$252,563 and \$234,010 for the years ended December 31, 2011 and 2010, respectively.

(4) Note Payable

The Bureau has a bank line of credit amounting to \$1,000,000. The line is secured by accounts receivable, inventory, furniture, fixtures, machinery and equipment, and general intangibles owned by the Bureau. At December 31, 2011, there was no outstanding balance on this line of credit. Interest on the line of credit is at prime plus .75% (4.0% at December 31, 2011).

(5) Economic Dependency

A material part of the Bureau's funding is dependent upon a few contracts, the loss of any one would have a material adverse effect on the Bureau. In 2011, the County of Erie accounted for 53% of the Bureau's unrestricted revenue.

(6) Commitment

The Bureau has entered into a lease agreement for its facilities which expires October 31, 2012. Total rent expense for the years ended December 31, 2011 and 2010 amounted to \$180,406 and \$175,390, respectively. Future minimum lease payments under this operating lease as of December 31, 2011 are \$155,493.

(7) Related Party Transactions

A relative of a board member provided grant writing services to the Bureau. The total paid by the Bureau for these services amounted to \$36,000 for the years ended December 31, 2011 and 2010.

