

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
DECEMBER 31, 2021 AND 2020**

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 17
Supplementary Information:	
Schedules of Activities (Without Donated Services)	18

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc.
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal matters that we identified during the audits.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activities (Without Donated Services) for the years ended December 31, 2021 and 2020 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of the valuation of donated services, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Sarpino and Rhoads, LLP

October 4, 2022

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
STATEMENTS OF FINANCIAL POSITION**

	DECEMBER 31,	
ASSETS	2021	2020
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,939,451	\$ 2,142,092
Restricted cash	<u>165,594</u>	<u>177,105</u>
Total cash and cash equivalents	\$ 4,105,045	\$ 2,319,197
Grants and contributions receivable	1,510,475	341,242
Fees and other receivable	53,574	80,391
Prepaid and other	<u>176,160</u>	<u>158,865</u>
TOTAL CURRENT ASSETS	<u>\$ 5,845,254</u>	<u>\$ 2,899,695</u>
PROPERTY AND EQUIPMENT	<u>\$ 974,933</u>	<u>\$ 1,141,160</u>
OTHER ASSETS:		
Security deposit	\$ 110,642	\$ 110,642
Fees and other receivable - non-current portion	-	36,673
Grants and contributions receivable - non-current portion	<u>7,271</u>	<u>24,217</u>
TOTAL OTHER ASSETS	<u>\$ 117,913</u>	<u>\$ 171,532</u>
TOTAL ASSETS	<u>\$ 6,938,100</u>	<u>\$ 4,212,387</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 268,887	\$ 308,549
Custodial escrow funds	-	70,000
Deferred lease obligation, current portion	148,830	124,291
Deferred revenue	<u>49,375</u>	<u>9,375</u>
TOTAL CURRENT LIABILITIES	\$ 467,092	\$ 512,215
OTHER LIABILITIES:		
Deferred lease obligation, long-term portion	<u>1,403,905</u>	<u>1,552,735</u>
TOTAL LIABILITIES	<u>\$ 1,870,997</u>	<u>\$ 2,064,950</u>
NET ASSETS:		
Without donor restrictions	\$ 4,099,085	\$ 1,809,402
With donor restrictions	<u>968,018</u>	<u>338,035</u>
TOTAL NET ASSETS	<u>\$ 5,067,103</u>	<u>\$ 2,147,437</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,938,100</u>	<u>\$ 4,212,387</u>

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

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
STATEMENTS OF ACTIVITIES**

	FOR THE YEARS ENDED DECEMBER 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUES AND GAINS:						
Contributed services	\$ 24,842,989	\$ -	\$ 24,842,989	\$ 41,940,103	\$ -	\$ 41,940,103
Grants and contributions	3,221,112	1,423,650	4,644,762	2,116,814	433,105	2,549,919
Legal fees and court awards	1,279,777	-	1,279,777	298,508	-	298,508
Annual events	1,012,330	-	1,012,330	295,443	-	295,443
Fellowship subsidies	-	117,708	117,708	-	52,708	52,708
Contracted services revenue	88,360	-	88,360	95,050	-	95,050
Other income	9,699	-	9,699	3,667	-	3,667
Interest income	4,061	312	4,373	26,825	406	27,231
Net assets released from restrictions	911,687	(911,687)	-	928,698	(928,698)	-
TOTAL SUPPORT, REVENUES AND GAINS	<u>\$ 31,370,015</u>	<u>\$ 629,983</u>	<u>\$ 31,999,998</u>	<u>\$ 45,705,108</u>	<u>\$ (442,479)</u>	<u>\$ 45,262,629</u>
EXPENSES:						
Program service	\$ 27,870,536	\$ -	\$ 27,870,536	\$ 45,069,826	\$ -	\$ 45,069,826
Supporting services:						
Management and general	692,664	-	692,664	689,754	-	689,754
Fundraising	517,132	-	517,132	420,771	-	420,771
TOTAL EXPENSES	<u>\$ 29,080,332</u>	<u>\$ -</u>	<u>\$ 29,080,332</u>	<u>\$ 46,180,351</u>	<u>\$ -</u>	<u>\$ 46,180,351</u>
CHANGES IN NET ASSETS	\$ 2,289,683	\$ 629,983	\$ 2,919,666	\$ (475,243)	\$ (442,479)	\$ (917,722)
NET ASSETS, BEGINNING OF YEAR	<u>1,809,402</u>	<u>338,035</u>	<u>2,147,437</u>	<u>2,284,645</u>	<u>780,514</u>	<u>3,065,159</u>
NET ASSETS, END OF YEAR	<u>\$ 4,099,085</u>	<u>\$ 968,018</u>	<u>\$ 5,067,103</u>	<u>\$ 1,809,402</u>	<u>\$ 338,035</u>	<u>\$ 2,147,437</u>

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

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES**

FOR THE YEARS ENDED DECEMBER 31,

	2021				2020			
	<u>Supporting Services</u>			Total	<u>Supporting Services</u>			Total
	Program Service	Management and General	Fundraising		Program Service	Management and General	Fundraising	
Contributed services	\$ 24,842,989	\$ -	\$ -	\$ 24,842,989	\$ 41,940,103	\$ -	\$ -	\$ 41,940,103
Salaries, benefits and payroll taxes	2,243,678	416,538	317,270	2,977,486	2,309,926	445,671	314,573	3,070,170
Occupancy	468,687	73,281	53,410	595,378	479,336	70,616	45,862	595,814
Consultants	23,575	149,397	-	172,972	-	93,015	-	93,015
Depreciation and amortization	134,145	16,789	15,293	166,227	137,838	16,039	13,199	167,076
Events	-	-	72,278	72,278	-	-	7,839	7,839
Equipment rental and maintenance	43,345	16,738	4,941	65,024	44,791	11,804	4,142	60,737
Insurance	33,868	4,239	3,861	41,968	28,721	4,954	2,750	36,425
Publications and messaging	22,632	682	17,863	41,177	23,725	-	8,898	32,623
Communications	23,462	2,927	2,666	29,055	28,767	3,354	2,797	34,918
Bank and credit card fees	-	-	25,657	25,657	-	-	16,906	16,906
Printing and duplicating	16,826	2,106	1,918	20,850	19,985	3,614	1,804	25,403
Miscellaneous	5,234	4,605	1,270	11,109	5,112	1,208	1,471	7,791
Office supplies	4,396	417	406	5,219	6,319	654	530	7,503
PEP Grant Funds	4,000	-	-	4,000	37,602	-	-	37,602
Conferences and meetings	2,109	50	299	2,458	208	-	-	208
Taxes and other	-	2,010	-	2,010	-	1,177	-	1,177
Technology	268	1,567	-	1,835	1,367	31,835	-	33,202
Travel	87	1,318	-	1,405	634	813	-	1,447
Litigation support	1,235	-	-	1,235	5,392	-	-	5,392
Bad debt	-	-	-	-	-	5,000	-	5,000
TOTAL EXPENSES	\$ 27,870,536	\$ 692,664	\$ 517,132	\$ 29,080,332	\$ 45,069,826	\$ 689,754	\$ 420,771	\$ 46,180,351

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

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
STATEMENTS OF CASH FLOWS**

	FOR THE YEARS ENDED DECEMBER 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 2,919,666	\$ (917,722)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	166,227	167,076
Bad debt	-	5,000
Decrease (increase) in operating assets:		
Grants and contributions receivable	(1,152,287)	391,674
Fees and other receivable	63,490	66,280
Prepaid and other	(17,295)	35,272
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(39,662)	(22,216)
Custodial escrow funds	(70,000)	70,000
Deferred lease obligation	(124,291)	4,607
Deferred revenue	40,000	(20,625)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 1,785,848	\$ (220,654)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of investments	\$ -	\$ 1,072,127
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ 1,785,848	\$ 851,473
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,319,197	1,467,724
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,105,045	\$ 2,319,197

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

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 1. **Organization and Summary of Significant Accounting Policies**

Organization - The Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc. (WLC), a nonprofit organization, was incorporated in Washington, D.C. in 1992. Its primary purpose is to provide legal services to protect the civil rights of members of the general public who have historically been subject to discrimination or poverty through legal representation and litigation as well as providing counseling and assistance to individuals, groups, and organizations requiring or requesting such services. In addition, WLC cooperates with and assists the organized bar, government agencies, public and private corporations, associations, and legal practitioners in extending these civil rights protections to those in need of them.

Program Service - WLC engages in litigation, public policy advocacy, client counseling and community education to address racial and other forms of discrimination. WLC works on matters that affect the District of Columbia and the surrounding region and on cases outside of the region that may have an impact on local residents. WLC works closely with the private bar to expand the capacity of its staff and relies heavily on various firm pro bono partners. WLC's project priorities include:

- **Creating Equal Opportunity to Economic Stability for Individuals and Families.** People of color, women, children and persons with disabilities are disproportionately forced to live in poverty. The inequities in the social and legal systems have created circumstances in which social mobility is extremely limited and the gap between rich and poor is expanding. Inequality and immobility is significantly worse in communities of color. Poverty has become as much an inheritance as wealth. Work has become a key element of reducing poverty since welfare “reform”, making access to employment, fair wages and stability in work critical.
- **Challenging the Conditions that Force Racial and Economic Segregation and that Limit Options for Safe, Decent and Affordable Housing Based on Race and National Origin.** Housing segregation is itself inherently unequal and contributes to diminished opportunities for education, work and recreation. Racial segregation in housing is increasing in the District and the region, driven by economic development, the effects of discrimination in the criminal legal system and other structural and economic factors. The forces of segregation in the District have deprived low income and many communities of color access to safe, decent and affordable housing.
- **Reducing Barriers to Public Services and Public Accommodations.** The ability to access public services or participate in the economy are essential to be full members of society. Everyone, regardless of race, gender, disability or language should be free from discrimination in civic participation, economic activity and social engagement.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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

- **Creating Equal Opportunity for an Education.** One of the great unfinished projects of the civil rights movement is addressing inequality in education. Schools are increasingly segregated, separate and unequal. Children of color, with disabilities and English language learners are much more frequently denied the opportunity to thrive and achieve their aspirations. Education reform in the District and in the region has had some effect, but it is limited.
- **Reducing the Impact of an Unfair Criminal Justice System.** The criminal justice system is a prime driver of inequality. These issues include:
 - *A continued strong emphasis on addressing conditions of incarceration.* Persons confined to prisons, jails, immigration detention and other criminal justice system institutions are confronted with a unique and particularly cruel form of state power. As long as mass incarceration is a fact, the need for prisoners' rights advocacy will be essential.
 - *Strategies to reduce unnecessary and discriminatory contact with the criminal justice system and that reduce the effects of such contact.* Race bias is deeply imbedded in each criminal justice system component, including the writing of laws, police, prosecutors, courts, prisons and the effects of collateral consequences. These effects are significant whether they result in long-term incarceration, crushing court imposed financial obligations (debtors' prisons) or barriers to employment, education or housing after a period of incarceration.

Basis of Accounting - The financial statements of WLC have been prepared on the accrual basis of accounting.

Basis of Presentation - WLC prepares its financial statements in accordance with U.S. generally accepted accounting principles, including those applicable to nonprofit organizations. Under this presentation, WLC is required to report information regarding its financial position and activities for each of the two classes of net assets:

Net assets without donor restrictions - Net assets without donor restrictions have no donor-imposed restrictions on their use and are fully available for general operations.

Net assets with donor restrictions - Net assets with donor restrictions arise from contributions with donor-imposed restrictions on their use that can be removed by the passage of time or actions by WLC.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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

Income Tax Status - WLC is exempt from federal income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (IRC) except for taxes on unrelated business income. Income from certain activities not directly related to WLC's tax-exempt purpose are subject to taxation as unrelated business income.

Use of Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statements of cash flows, WLC considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents.

Grants and Contributions Receivable - Grants receivable represent amounts due from donors based on approved grants and are reported on the statements of financial position at their net realizable value. Contributions receivable represent unconditional promises made by donors that have not yet been received by WLC. Contributions which will not be received in one year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year. WLC considers all contributions receivable to be fully collectible; accordingly, no allowance for uncollectible receivables has been provided.

Fees and Other Receivable - Fees receivable represent amounts due from case settlements and are stated at the amount management expects to collect from balances outstanding at year-end. Case settlements are shown on the statements of financial position at the time of settlement notification and when the amount of the award is deemed certain. Other receivable represents amounts due for services provided. Based on management's assessment of the payment history with donors having outstanding balances and current relationships with them, they have concluded that realization losses, if any, on balances outstanding at year-end would be immaterial. Therefore, there was no allowance for doubtful accounts as of December 31, 2021 and 2020. Fees and other receivable are uncollateralized.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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

Property and Equipment - Property and equipment are stated at cost, if purchased, and at fair value, if donated. All additions of equipment over \$2,500 with useful lives more than one year are capitalized. Depreciation is computed on the straight-line method based on estimated useful lives of three to five years. Leasehold improvements are amortized on the straight-line basis over the lease term. Maintenance and repairs are expensed in the year incurred.

Revenue Recognition - In accordance with Financial Accounting Standards Board's Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, WLC recognizes revenues from contracts with customers when control of the promised goods or services is transferred to its customers in an amount that reflects the consideration WLC expects to be entitled to in exchange for those goods or services. Revenue from contracts with customers is reported as contracted services revenue in the statements of activities. The performance obligations are satisfied at the point in time when the service is provided to the customer.

Grants and contributions - Grants and contributions are recognized at the earlier of when the donors make promises to give WLC that are, in substance, unconditional or when they are received. Revenue from grants that are considered conditional contributions are recorded in the statements of activities as grants and contributions when the conditions have been met. Contributions are without donor restrictions unless specifically restricted by the donor for time or purpose. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue from fellowship sponsorships that are considered to be conditional are reported in the statements of activities as fellowship subsidies and are recognized when the conditions are met and qualifying expenses are incurred under the terms of the fellowship agreements.

Amounts received in advance for fellowships are recorded as deferred revenue in the statements of financial position.

Legal Fees and Court Awards - Legal fees and court awards are compensation to WLC for the work of its attorneys and reimbursement of expenses incurred in connection with litigation. Revenue for these legal fees and court awards is recognized upon receipt of funds or upon receipt of award or settlement notification and collection is deemed certain, which is determined by management on a case by case basis.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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

Events Revenue - Events revenue is recognized in the period the event is held. Events revenue collected in advance are recorded as deferred revenue in the statements of financial position.

Donated Goods and Services - Donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation, are recorded as revenue and expense at their estimated fair values in the period received. Such amounts are reflected as a part of contributed services revenue and program activities expenses in the accompanying statements of activities. In-kind contributions, such as donated property and equipment, are included in the statements of activities at their estimated fair value on the date of donation and are reported on the statements of financial position as property and equipment.

Functional 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 detail by natural classification in the statement of functional expenses. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas benefitted based on a time and effort basis that is consistently applied. Allocated costs that benefitted multiple functional areas consisted primarily of occupancy, depreciation and amortization, insurance, printing and duplicating, office supplies, communications, and equipment rental and maintenance.

Note 3. **Liquidity and Availability** - The following represents the WLC's financial assets at December 31:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 4,105,045	\$2,319,197
Grants and contributions receivable	1,510,475	341,242
Accounts and other receivable	53,574	80,391
Total financial assets	\$ 5,669,094	\$2,740,830
Less amounts with restrictions:		
Restricted by donors for purposes	968,018	338,035
Financial assets available to meet general expenditures within one year	\$ 4,701,076	\$2,402,795

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 3. **Liquidity and Availability** – (Continued)

WLC has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$1,200,000. WLC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, WLC maintains cash in excess of daily requirements in various liquid short-term investments, including laddered certificate of deposits and overnight sweep accounts.

Note 4. **Grants, Contributions and Fees Receivable** - Grants and contributions receivable represent promises to give which have been made by donors but have not yet been received by WLC. Fees receivable represent amounts due for attorney fees that have not yet been received at year end. Receivables which will not be received in the subsequent year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year.

Grants and contributions receivable were as follows at December 31:

	2021	2020
Grants and contributions expected to be collected in:		
Less than one year	\$ 1,510,475	\$ 341,242
One to five years	8,000	26,650
	\$ 1,518,475	\$ 367,892
Less, discount to present value	(729)	(2,433)
Net grants and contributions receivable	\$ 1,517,746	\$ 365,459

Fees and other receivable were as follows at December 31:

	2021	2020
Fees and other receivable expected to be collected in:		
Less than one year	\$ 53,574	\$ 80,391
One to five years	-	39,600
	\$ 53,574	\$ 119,991
Less, discount to present value	-	(2,927)
Net fees and other receivable	\$ 53,574	\$ 117,064

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 5. **Property and Equipment** - Property and equipment consists of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 1,220,305	\$ 1,220,305
Furniture and equipment	177,926	177,926
Website and other	<u>31,000</u>	<u>31,000</u>
Total property and equipment	\$ 1,429,231	\$ 1,429,231
Less, accumulated depreciation and amortization	<u>454,298</u>	<u>288,071</u>
Net property and equipment	<u>\$ 974,933</u>	<u>\$ 1,141,160</u>

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 was \$166,227 and \$167,076, respectively.

Note 6. **Revenue Recognition**

Disaggregation of Revenue

WLC's contract services revenue is local in nature and uncertainty of payment is mitigated through payment terms agreed upon during contract signing.

The following shows WLC's revenue disaggregated according to the timing of transfer of goods and services for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Recognized at a point in time	\$ 1,100,690	\$ 390,493
Recognized over time	-	-
Total	<u>\$ 1,100,690</u>	<u>\$ 390,493</u>

Contract Balances

The following shows WLC's contract assets at December 31:

	<u>2021</u>	<u>2020</u>
Contract assets	\$ 10,605	\$ 10,325
Contract liabilities:		
Deferred event revenue	<u>\$ 40,000</u>	<u>\$ -</u>

Performance Obligations

Performance obligations for contract services revenue are satisfied at the point in time in which the services are provided.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 6. **Revenue Recognition** - (Continued)

Significant Judgments

There are no significant judgments pertaining to contract services revenue that are significant to the financial statements.

Note 7. **Paycheck Protection Program Loan** - On April 27, 2020, WLC (the "Borrower"), received a loan (the "Loan") from Eagle Bank in the amount of \$533,217 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 an amount up to 2.5 times of the average monthly payroll expenses of the qualifying business. Under the terms of the PPP, the loan may be forgiven if the proceeds are used for qualifying expenses as described in the CARES Act, while maintaining payroll levels. Qualifying expenses include payroll, benefits, rent and utilities.

On February 20, 2021, WLC received a second loan from Eagle Bank in the amount of \$540,120 under the PPP loan.

WLC elected to account for the PPP loans as a conditional contribution and recognized revenue as conditions were met during 2020 and 2021. These amounts are included in the grants and contributions line item on the statements of activities.

Note 8. **Commitments** - On September 4, 2018, WLC entered into a 113-month operating lease for office space effective June 2019. The lease provides for a free rent period, annual escalations in the base rent and \$1,496,448 in the form of leasehold improvement allowance. The annual escalations and tenant improvement allowance give rise to a deferred lease obligation which is amortized over the lease term. The deferred lease obligation as of December 31, 2021 and 2020 was \$1,552,735 and \$1,677,026 respectively. Rent expense for the years ended December 31, 2021 and 2020 was \$580,544 and \$580,527, respectively, which is included in occupancy on the statements of functional expenses.

On December 18, 2018, WLC entered into a 63-month non-cancelable operating lease for a copier that expires in March 2024. On January 30, 2015, WLC entered into a 51-month non-cancelable operating lease for a postage meter that expired in April 2019 and was renewed an additional 51-month term expiring July 2023. Monthly rental payments on the copier and postage meter are \$1,600 and \$250, respectively. Equipment rental expense for the years ended December 31, 2021 and 2020 was \$26,082 and \$44,355, respectively.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 8. **Commitments** - (Continued)

Future minimum lease payments as of December 31, 2021 are as follows:

Years Ending December 31,	Office Lease	Equipment	Total
2022	\$ 725,654	\$ 19,200	\$ 744,854
2023	751,052	19,200	770,252
2024	777,339	-	777,339
2025	804,545	-	804,545
2026	832,704	-	832,704
Thereafter	1,603,069	-	1,603,069
Total	<u>\$ 5,494,363</u>	<u>\$ 38,400</u>	<u>\$ 5,532,763</u>

WLC has entered into an agreement with a hotel relating to the annual awards luncheon. The agreement includes a cancellation penalty and obligates WLC to spend certain minimums on food and beverage.

Note 9. **Retirement Plans** - WLC maintains two retirement plans for its employees, including a 401(k) retirement plan and a 403(b) retirement plan. Employees are eligible to participate in the 401(k) plan after completing one year of service. Eligibility for the 403(b) plan is at the time of employment and allows for employee deferrals. WLC provides for a discretionary contribution to the 401(k) plan based on each participant's compensation. For the years ending December 31, 2021 and 2020, contributions to the 401(k) plan were \$101,493 and 113,819, respectively.

Note 10. **Donated Services** - For the years ended December 31, 2021 and 2020, WLC received \$24,842,989 and 41,940,103, respectively, of in-kind contributions consisting of legal and consulting services. Donated services are recorded at the amount reported by the contributing organization and are typically based on that organization's standard hourly billing rates.

Note 11. **Concentration of Credit Risk** - Financial instruments which potentially subject WLC to concentrations of credit risk include cash deposits with investment advisors, as well as deposits with financial institutions which, at times during the year, may exceed the limit of coverage by the Federal Deposit Insurance Corporation. Management believes the risk to be minimal. At December 31, 2021, there was \$119,790 in excess of these limits.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 12. **Net Assets with Donor Restrictions** - Net assets with donor restrictions were for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
Housing justice project	\$ 230,000	\$ -
Employment justice and workers rights	205,000	-
Eviction project	162,000	-
Pro bono breakfast	110,488	110,268
Disability rights project	55,000	-
Education	50,000	-
Oberdorfer Fund	45,675	45,434
PEP Fund	9,349	13,349
Compassionate release project	6,756	13,040
Education project	-	56,569
Advocacy for the blind	-	17,500
Subtotal	<u>\$ 874,268</u>	<u>\$ 256,160</u>
Subject to passage of time:		
Amounts received for future operations	<u>93,750</u>	<u>81,875</u>
Total	<u><u>\$ 968,018</u></u>	<u><u>\$ 338,035</u></u>

Note 13. **Related Party** - WLC leases office space from a law firm where one of its governing members is a partner. Total amount paid to this firm for the years ended December 31, 2021 and 2020 was \$703,119 and \$552,165, respectively.

Note 14. **Reclassifications** - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year presentation.

Note 15. **Subsequent Events** - In preparation of these financial statements, WLC has evaluated events and transactions for potential recognition or disclosure through October 4, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
SCHEDULES OF ACTIVITIES
(WITHOUT DONATED SERVICES)**

	FOR THE YEARS ENDED DECEMBER 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUES AND GAINS:						
Grants and contributions	\$ 3,221,112	\$ 1,423,650	\$ 4,644,762	\$ 2,116,814	\$ 433,105	\$ 2,549,919
Legal fees and court awards	1,368,137	-	1,368,137	298,508	-	298,508
Annual events	1,012,330	-	1,012,330	295,443	-	295,443
Fellowship subsidies	-	117,708	117,708	95,050	-	95,050
Contracted services revenue	88,360	-	88,360	-	52,708	52,708
Other income	9,699	-	9,699	3,667	-	3,667
Interest income	4,061	312	4,373	26,825	406	27,231
Net assets released from restrictions	911,687	(911,687)	-	928,698	(928,698)	-
TOTAL SUPPORT, REVENUES AND GAINS	<u>\$ 6,615,386</u>	<u>\$ 629,983</u>	<u>\$ 7,245,369</u>	<u>\$ 3,765,005</u>	<u>\$ (442,479)</u>	<u>\$ 3,322,526</u>
EXPENSES:						
Program service	\$ 3,027,547	\$ -	\$ 3,027,547	\$ 3,129,723	\$ -	\$ 3,129,723
Supporting services:						
Management and general	692,664	-	692,664	689,754	-	689,754
Fundraising	517,132	-	517,132	420,771	-	420,771
TOTAL EXPENSES	<u>\$ 4,237,343</u>	<u>\$ -</u>	<u>\$ 4,237,343</u>	<u>\$ 4,240,248</u>	<u>\$ -</u>	<u>\$ 4,240,248</u>
CHANGES IN NET ASSETS	\$ 2,378,043	\$ 629,983	\$ 3,008,026	\$ (475,243)	\$ (442,479)	\$ (917,722)
NET ASSETS, BEGINNING OF YEAR	<u>1,809,402</u>	<u>338,035</u>	<u>2,147,437</u>	<u>2,284,645</u>	<u>780,514</u>	<u>3,065,159</u>
NET ASSETS, END OF YEAR	<u>\$ 4,187,445</u>	<u>\$ 968,018</u>	<u>\$ 5,155,463</u>	<u>\$ 1,809,402</u>	<u>\$ 338,035</u>	<u>\$ 2,147,437</u>